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# FINANCIAL TIMES

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**AVIA**  
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## NEWS SUMMARY

### GENERAL

## Sanjay Gandhi funeral today

India faces political uncertainty following the death yesterday of Sanjay Gandhi, 33-year-old son of Premier Indira Gandhi. Sanjay was killed when the two-seater aeroplane he was flying crashed near New Delhi. Although he did not hold a Government post, he had effectively taken over the management of the economy and industry and was being groomed to succeed his mother.

Both Houses of Parliament yesterday adjourned for the day in a tribute normally reserved for the country's leaders. Hundreds of thousands are expected to attend his funeral today. *Back Page; Feature, Page 19.*

### LDP landslide in Japan

Japan's ruling Liberal Democratic Party was returned to power with a landslide victory following Sunday's general elections. It won 284 seats in the 512-seat Lower House of the Diet. *Back Page; Analysis, Page 4.*

### Spain alert

Spanish security forces remained on alert as the deadline set by Basque guerrillas for the start of bombings at coastal resorts passed without incident. *Page 3.*

### Homes static

Home prices are continuing to stay down throughout Britain and homes coming on to the market are taking longer to sell. *Back Page.*

### Rome killing

Terrorists in Rome shot dead a leading magistrate in a revival of political violence. *Page 3.*

### Thai villages hit

Vietnamese forces launched an attack into Thailand, shelling villages and causing panic among Kampuchean refugees. *Page 4.*

### West Bank riots

Israeli gunfire wounded at least five Palestinians as fresh riots broke out on the occupied West Bank following the death of an Arab woman shot by Israeli police in Bethlehem. *Page 4.*

### Rapier proposal

The Swiss Government formally proposed to buy 60 units of the British Rapier anti-aircraft guided missile system at an initial cost of £315m. *Page 6.*

### Sithole escapes

Zimbabwe nationalist leader Rev. Ndabaningi Sithole has escaped an assassination attempt in Salisbury, it was disclosed. *Page 6.*

### Wet Wimbledon

Rain hit the opening day at Wimbledon and play was stopped in the second test cricket match between England and the West Indies at Lords. Weather. *Back Page.*

### Briefly...

Jamaican security forces arrested an Opposition politician and about 20 soldiers in connection with an alleged planned military coup. *Page 5.*

Heart transplant operation was carried out at Harefield Hospital, Middlesex, on Ernest Field, 50, from Chertsey, Surrey.

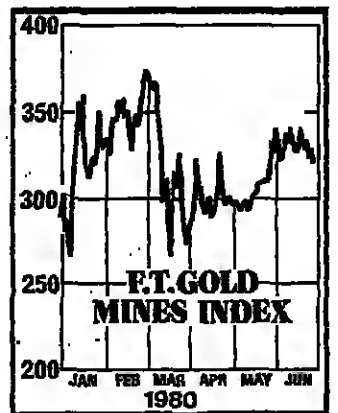
French magistrate charged three members of the British rock band The Stranglers with inciting violence at a Nice concert.

### BUSINESS

## Equities off 2.0; gold mines lose 6.4

● GILTS eased on gloomy economic forecasts after opening higher on prospects of the new tape. Longs and shorts lost up to 1½. The Government Securities Index fell 0.48 to 70.05. *Page 32.*

● EQUITY leaders also eased. The FT 30-share index closed 2.0 down at 469.3. The Gold Mines Index lost 6.4 to 319.7. *Page 32.*



● STERLING was steady, closing 85 points up at \$2.3420. Its trade-weighted index remained at 73.3. DOLLAR was slightly easier, its index slipping to \$3.3 (\$3.4). *Page 27.*

● GOLD fell \$7 an ounce in London to \$596.50. *Page 27.*

● WALL STREET was 4.95 up at 874.66 before the close. *Page 29.*

● MORGAN GUARANTY, a leading U.S. bank, cut its prime lending rate by 0.5 per cent to 11.5 per cent, continuing a sharp decline in the key lending rate. *Back Page.*

● LONRHO is floating its first ever Eurodollar bond issue, \$40m for eight years with a coupon of 11½ per cent.

● SECURITIES Industry Council is inquiring into the personal share dealings of investment managers and securities dealers to see if adequate supervision exists. *Back Page.*

● WORLD OIL traders and importing refineries were facing the biggest risks in a speculative because of sudden price changes. Sir David Steel said. *Page 8.*

● BRITISH companies have a 5 per cent share of this year's \$24bn world market for military equipment and the share is increasing, the head of Government defence sales said. *Page 10.*

● HADFIELD'S, the Lontho steelmaking subsidiary, has formally offered to take over the management of British Steel's Shotton works in North Wales on a contract basis. *Page 11.*

● UNIONS representing 35,000 BBC staff have accepted a 15 per cent pay rise, about half the original claim, after being told a higher settlement would cost jobs. *Page 12.*

### COMPANIES

● DOBSON PARK Industries, the mine roof support engineer, has agreed terms for acquiring Wolf Electric Tools, the electric hand tools group, valuing the company at \$14.2m. *Page 37.*

● MURHEAD, the electrical devices and communications group, is omitting interim dividend as six-month taxable profits fell from £951,000 to £229,000. *Page 20 and Lex, Back Page.*

● BROWN AND TAWSE, steel stockholding and engineering group, raised taxable profits by £350,000 to a record £4.16m for 1979. *Page 21.*

## CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISERS	FALLS
Austrian (E.) & Sons 185 + 45	Eschbacher 3.91 5914 - 2
Davies & Newman 122 + 6	War Loan 3.75 5331 - 6
Dixon (D.) 118 + 6	Brown & Tawse 133 - 6
Foramaster 128 + 8	Lucas Inds. 206 - 4
Grattan Warehouses 72 + 8	Lynton 201 - 9
Hambro 508 + 6	Multhead 120 - 16
Home Farm 89 + 4	Thorn-Edi. 204 - 8
HR Land 1124 + 6	Berkeley Exploration 195 - 12
Kitchen (R. Taylor) 146 + 9	Chas. Cons. 490 - 8
Marshall (Hafslund) 190 + 10	Cons. Gold Fields 331 - 22
Milford Docks 145 + 7	Free State Geduld 221 - 14
Polymer 80 + 6	North West Mining 78 - 5
Richards Ltd. 19 + 2	Oter Exploration 88 - 6
Schneider 275 + 15	Randfontein 2384 - 14
Shetley 254 + 5	Samaritis Explor. 144 - 8
Aran Energy 468 + 8	Selection Trust 1111 - 1
Cutl. Pacific Min. 2334 + 14	
Esperanza Minerals 170 + 10	
Greenville Mining 123 + 10	
International Mining 40 + 7	

## Venice summit ends with 10-year plan to cut oil use

BY REGINALD DALE IN VENICE

THE SEVEN leading Western industrial powers yesterday adopted what they called a comprehensive energy strategy to reduce their use of oil over the next 10 years.

But they said there were no "quick or easy solutions to the world's economic problems." Reaching inflation was the "immediate top priority."

The end of the two-day Venice economic summit left Western leaders in a mood described by Mr. Pierre Trudeau, the Canadian Prime Minister, as one of cautious optimism.

No dramatic new initiatives were taken. But the leaders of the U.S., Canada, Japan, West Germany, France, Britain and Italy seemed confident that the West was capable of surviving the twin threats of economic disorder and Soviet expansionism.

In a final communique, the seven called, rather half-heartedly, for a new dialogue on energy with the oil producers. But they held their fire on a new approach to the Third World's problems.

They will study proposals for resuming the so-called North-South dialogue with a view to concentrating on the issue at their next summit in Canada in 1981.

They said their economic message was clear. "The key to success in resolving the major economic challenges which the world faces is to achieve and maintain a balance between energy supply and demand at reasonable levels and at tolerable prices."

No further political moves were made after Sunday's special declaration calling for total Soviet withdrawal from Afghanistan. Senior U.S. officials stressed that the Afghan statement was enough to show that the West was united and had taken a decision of major strategic importance.

The partial Soviet troop withdrawal announced on the eve of the summit involved about 5,000 men of the 85,000 or more, U.S. officials said. They were mainly in missile and artillery units that were unsuitable for fighting guerrillas.

President Jimmy Carter's team attached great importance to the new energy targets. The seven said they would try to reduce oil's share of energy demand from 53 per cent to 40 per cent by 1990. The supply, and use, of energy other than oil could be increased by the equivalent of 15m-20m barrels a day in that time.

President Valery Giscard d'Estaing of France said the West had given itself ten years to break the link between economic growth and rising oil consumption.

The aim was to reduce the ratio between increases in collective energy consumption and economic growth to about 0.6 per cent by 1990, the communique said.

Mrs. Margaret Thatcher said there was now general agreement that nuclear power was the only way to fill the energy gap.

Other measures endorsed by the seven included doubling coal production, a general halt to new oil-fired power stations, incentives, accelerating industry's substitution of oil, encouraging oil saving investment in residential and commercial buildings, and introducing "increasingly fuel efficient vehicles."

They said: "The demand of consumers and competition among manufacturers are already leading in this direction. We will accelerate this progress where appropriate, by arrangements or standards for improved automobile fuel efficiency, by gasoline pricing and taxation decisions, by research and development."

Continued on Back Page

Text of communique Page 2 • Editorial comment Page 18

## Sharp drop in retail sales as inflation soars

BY PETER RIDDELL AND DAVID CHURCHILL

SPENDING IN the shops has fallen sharply in the last couple of months as consumers respond both to uncertainties about the impact of the recession and to the rapid rate of price inflation.

Trade Department figures published yesterday show the volume of retail sales dropped in May for the third month running.

The seasonally adjusted volume index, as estimated at 101 (1976=100), compared with 102.3 in the previous month. It is about 24 per cent below the average volume of trade for the first three months of this year.

The figures confirm reports from the trade that demand began to drop sharply at about Easter after an unexpectedly strong first quarter. This has also been reflected in the fall in car registrations and in the big drop in industry's orders in the last couple of months.

The weaker demand has resulted in a rise in redundancies and a cut in hirings, which

RETAIL SALES		Value, unadjusted	Volume, seasonally adjusted	percentage change, with year earlier
1979	1st	100.8	+11	
2nd	106.4	+15		
3rd	99.7	+11		
4th	101.7	+14		
1980	1st	102.2	+18	
Jan.	103.1	+18		
Feb.	103.9	+18		
March	102.6	+15		
April	102.3	+12		
May	101	+12		

\* Provisional Source: Dept. of Trade

are expected to be reflected in the announcement this morning of a further increase in adult unemployment.

The sales figures were described yesterday as "very bad" by the Retail Consortium, the main trade association for

retailers. Its gloom is shared by the rest of the trade.

Mr. David Johnson, chief executive of Rumbelows, the electrical goods chain, said retailers could be in for the "bleakest few months since the war."

The sharp drop in sales volume is attributed to the high rate of price inflation, the beginnings of a squeeze on real incomes for some groups, and caution caused by fears of rising unemployment. This has been highlighted by the further marked decline in consumer confidence indicated by yesterday's Financial Times survey.

Department stores have been particularly badly hit by the fall in sales, as well as by the decline in the number of foreign tourists.

The John Lewis Partnership reported that sales in its department stores in the week to June 14 were more than 38 per cent down on the corresponding week last year, although

Continued on Back Page

## Pao told to make £540m bid

BY PHILIP BOWRING IN LONDON AND RODNEY HOBSON IN HONG KONG

HONG KONG'S Committee on Take-overs has ruled that Sir Yue-kong Pao, the shipping magnate, must make a general offer for Hong Kong and Kowloon Wharf and Godown, the property, dock and hotel group.

This latest twist in the battle for control of the company follows Sir Yue-kong's HK\$2.2bn (£591.2m) bid for the company to raise his stake in the company from around 30 per cent to 49 per cent. A general offer could cost him an additional HK\$36.2bn (£540m).

At an impromptu Press conference held late on Sunday in Hong Kong, Sir Yue-kong said that Wharf shareholders were being invited to offer to sell him 20m Wharf shares at HK\$105 each.

The invitation was a response to an offer on Friday from Hongkong Land to buy, with shares and loan stock, some 33m shares for HK\$ 100 each. However, Sir Yue-kong's offer was in cash and open for only two days. It led to a scramble to sell when the Hong Kong stock market opened yesterday and at noon Wardley, Sir Yue-kong's merchant bank, announced that over 20m shares had been offered and the invitation was closed.

This dramatic raid aroused acrimony. Wharf shares are currently suspended and some brokers questioned whether it was proper for Wardley to make the "invitation."

Secondly, there was unseemly confusion over key technicalities. Some brokers reported that they had first been given firm acceptances by Wardley, but were later told that their offers would be subject to allocations.

Several brokers reported that they were being asked to give assurances that they were not tendering shares owned by HK Land or members of its "camp."

Sir Yue-kong said that he was acting "in order to protect the interest of myself and my company."

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## Gold supplies may fall 40%

By David Marsh and Kenneth Marston

THE TOTAL gold supply coming on to western bullion markets this year may fall by nearly 40 per cent to the lowest since 1970, according to Consolidated Gold Fields, the London mining finance house.

In its annual survey of developments in the gold market the company says the expected drop in supplies is likely to be one factor behind a further gold price rise.

This has fluctuated between \$850 and \$470 per ounce this year, compared with only \$226 at the end of 1978, and is currently just under \$600.

The expected fall in supplies is largely a result of the halt in U.S. Treasury auctions at the end of last year and the ending of the International Monetary Fund's four-year programme of sales last month.

The U.S. Treasury is keeping open the option of resuming sales but these appear less likely now that the dollar has attained a measure of stability on the foreign exchanges.

Additionally, net sales to the West by the Communist bloc, mainly the Soviet Union, are likely to be sharply down this year, after falling well below 1979 levels during the first few months of 1980.

Mr. David Potts, Consolidated Gold Fields' gold analyst and survey author, said yesterday that total supplies from mining production, official sales and deliveries from the Communist bloc might fall to around 1,100 tonnes this year from 1,765 tonnes in 1979.

This would be the lowest volume to reach the market since 1970, when Gold Fields estimated net supplies at only 1,035 tonnes.

Communist bloc sales might fall to around 150 tonnes from 229 tonnes last year, itself was sharply lower than the 410 tonnes in 1978.

The company says there is increased evidence that gold is playing an increased part in international portfolio investment. It is becoming more widely held by institutional investors, and some developing country central banks seem to be building stocks.

Editorial comment, Page 18  
Details, Page 25  
S. Africa silent, Page 4

### \$ in New York

	June 20	Previous
Spot	\$2.3385-3340	\$2.3330-3340
1 month	1.70-1.62 dls	1.65-1.60 dls
3 months	4.55-4.29 dls	4.25-4.20 dls
12 months	70.9-9.35 dls	6.50-9.35 dls

## Ford calls for 2,300 redundancies

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

REDUCED demand for cars in the major European markets has forced Ford UK to call for 2,300 volunteers for redundancy or early retirement. The company believes the fall in demand may go on for some considerable time.

The move provides another example of how the car industry recession is tightening its grip on Ford. Short-time working is already widespread or planned throughout its European plants.

The European operations are particularly important to Ford at the moment because it could lose up to \$2.5bn on its North American automotive business this year.

Ford UK made taxable profits of £386m last year, paid a record £135m dividend and also made a £225m loan to its U.S. parent.

The plants involved in yesterday's call for voluntary job losses all supply components and sub-assemblies for Ford car factories throughout Europe.

Ford UK car assembly plants are continuing to work at reasonable levels because the group has reduced imports of built-up cars by half as to supply the British market mainly from local factories.

The brunt of the voluntary job losses will be felt at Dagenham where the engine plant, foundry and forge between them have been asked to provide 1,300 volunteers. Ford maintained it did not wish to give a plant-by-plant breakdown of the job losses but it is known that 850 hourly-paid and 20 staff at the Swansea axle facility are affected, as are 68 at the Treforest, mid-Glamorgan plant.

The company is asking employees over 55 years of age with at least 10 years service with Ford to volunteer for early retirement and for those with less than five years with the group to opt for redundancy at the affected plants. Both hourly paid and staff are involved.

● Talbot Cars of Coventry has been forced to introduce short-time working for about 2,500 employees from August because of continuing problems in Iran.

## U.S. Ford suppliers under pressure to cut prices

BY DAVID LASCELLES IN NEW YORK

FORD MOTOR, the number two American car manufacturer, has asked suppliers to cut their prices by 1½ per cent next month in expectation of making a loss of several hundred million dollars this year.

The suppliers, already under pressure because of the slump in the motor industry, are not expected to take kindly to this request.

At the company's headquarters in Detroit yesterday Ford said that a letter had gone out to 1,600 suppliers, asking them to consider cutting their prices in the light of the industry's economic problems.

Ford said it had already received a number of replies, but that it was too early to gauge the general response. So far most of the replies were from smaller suppliers where the majority had agreed to the request but larger suppliers are still considering their reaction.

The big decline in car sales in the last six months, coupled with the financial problems of Chrysler, have already combined to make life extremely difficult for car suppliers.

The Chrysler Loan Guarantee Board is due to meet today to put the seal of approval to the Federal \$1.5bn rescue package

## Six out of six top places go to drivers of Lansing lift trucks.

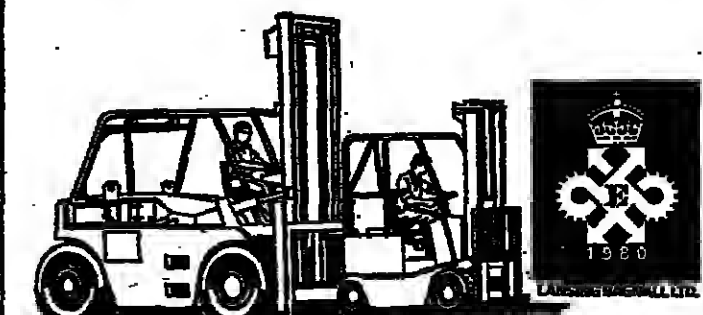
At the most recent annual "National Fork Lift Truck Driver of the Year" competition in Britain, independently sponsored by the NMT Group of Companies, the winners of the six top prizes all chose to drive Lansing trucks.

(And out of the total list of prize-winners, eight out of nine drivers chose Lansing.)

Contestants overall preferred Lansing. Given a choice of six makes of lift truck, 56 of the 86 entrants felt their best chance of winning was in a Lansing truck.

How significant are these facts? Judge for yourself: for the things that dictate a good driver's choice of truck—comfort, control, handling ease, precision and safety—are the very ones that most contribute to lift truck efficiency and cost-effectiveness on your shop floor.

Look in your Yellow Pages for your local Lansing depot—one of 15 nationwide—and let your drivers test-drive Lansing right away. It could help you win more than competitions.



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Basingstoke (0256) 3131.



## EUROPEAN NEWS

Missiles  
still top  
Schmidt  
agenda

THE WEST GERMAN position on talks with Moscow about medium-range missiles apparently remains unchanged despite controversy last week. The missiles issue is to receive priority in the West German-Soviet meeting that begins next Monday, according to senior officials in Bonn.

Last week, President Jimmy Carter criticised Herr Schmidt's proposal that East-West negotiations should begin so that Moscow might freeze the number of its SS-20 missiles aimed at Western Europe in the period until new U.S. Pershing 2 and Cruise missiles are stationed in Europe.

Mr. Carter is said to feel this would undermine NATO's hard-won decisions last December to install the nuclear missiles by 1983. The meeting on Saturday in Venice between Chancellor Schmidt and President Carter was assumed, however, to have put an end to the row.

The West Germans stress that Herr Schmidt is not proposing a moratorium on Western missiles but that the time until the U.S. missiles become available should be used "optimally". They cannot understand why this irritates President Carter and emphasise that in Moscow Herr Schmidt will speak solely for West Germany on the matter.

Pravda, the Soviet party newspaper recently called on Bonn to reverse its decision to station the new nuclear missiles on its territory if it wanted to achieve military detente with the Soviet Union.

The West Germans say that the Soviet occupation of Afghanistan and its effect on detente in Europe will also play a large part in the meeting along with the Middle East situation.

They note, too, that the Soviet Union may want to know how Western revisions of the list of strategic goods which may not be exported to the Eastern bloc will affect West German-Soviet trade.

If the talks in Moscow go as well as the West Germans expect, Bonn believes that a meeting will take place soon between Herr Schmidt and Herr Erich Honecker, the East German President and Communist party leader.

## Western leaders firmly committed to using less oil

BY RAY DAFTER, ENERGY EDITOR

THE SUMMIT leaders have taken a bold step towards further changing the direction of the West's energy balance. They have committed themselves to specific policies which should relieve the pressure on world oil supplies.

The communique shows that the seven nations have firmly committed themselves to the general oil consumption target set recently by the wider membership of the International Energy Agency (IEA). If the policies work, the seven nations (like the IEA) expect the oil element in their combined energy demand in 1990 to be cut from the present 53 per cent to 40 per cent.

The target represents a real

challenge. It was only a few months ago that Exxon, the world's biggest energy corporation, was forecasting that the oil component might still represent 45 per cent of the overall energy supply in 10 years.

The leaders at the Venice summit were also more positive and specific in their commitment than they were when they met in Tokyo last year. This time, they have laid out the way in which oil savings will be achieved, albeit in generalised terms.

They have committed themselves to displacing some of their oil imports by developing coal resources and nuclear power. They hope this action, coupled with conservation, will provide the equivalent of 15m



WORLD SUMMIT

to 20m barrels a day of oil. It is hoped that coal output and use by early 1990 will be twice the present level. But this assumes a growth rate in excess of some of the more realistic forecasts which emerged from a recent 16-nation World Coal Study. This project, centred on

the Massachusetts Institute of Technology, concluded that it would take 20 years for the coal requirements of the main developed countries to double to 30m tonnes a year. The growth rate here was regarded as "moderate."

If the summit leaders are to achieve their aim, they will quickly have to develop programmes, and influence public opinion, to allow a rapid expansion of coal-mining. Planning procedures, often influenced by environmental concerns, can contribute to a development lead time of up to 10 years for major new mining projects.

The leaders accepted that it would be necessary to improve infrastructure—transport and ports—of both the producers

and consumers of coal. Similarly, while mindful of the problems with the development of nuclear power, the senior ministers accepted that the "role of nuclear energy has to be increased."

But much of the growth envisaged in the communique will have to come from existing projects and those that are about to leave the drawing board. It can take up to 13 years for a nuclear project to pass through all its planning and development stages in the U.S., for instance.

Given the expected growth in coal and nuclear output, the seven industrial nations, which account for over 70 per cent of non-Communist world energy demand, have agreed to ban the

construction of oil-fired electricity generating stations—"save in exceptional circumstances"—and to accelerate the conversion of oil-fired capacity to other fuels.

The seven nations represented at the summit consume 33m barrels a day of oil, well over two-thirds of non-Communist world demand. The leaders said they were convinced that their proposals would reduce the demand for energy, particularly for oil, without hampering economic growth. What remained unsaid was their concern that oil shortages could arise again, and prices could take another leap forward at any time. These were the prime reasons behind the Venice decision.

Economic fortunes dependent  
on solving energy problem

BY RUPERT CORNWELL

THE WORLD can only succeed in surmounting the present economic challenge by dealing with the energy problem, and "by achieving a balance between supply and demand at reasonable levels and prices."

The leaders of the West's seven highest industrial powers declared last night that successive large increases in the oil price, hearing no relation to market conditions had forced inflation even higher and threatened an imminent severe recession and unemployment in industrialised countries.

"At the same time," noted the declaration issued after this weekend's economic summit here, "they have undermined, and in some cases virtually destroyed, the prospects for growth in the developing countries."

The industrialised countries of the free world, OPEC, and the non-oil developing countries depended upon each other and could only overcome obstacles to development by working together.

**INFLATION:** The seven declared that their immediate priority was to reduce inflation. "Determined fiscal and monetary restraint is needed to break inflationary expectations. We must... guard against the threat of growing unemployment and world-wide recession."

The declaration committed the seven to encourage investment and innovation to boost

productivity, to promote a shift of resources from declining into expanding sectors to provide new jobs, and to foster the most effective use of resources.

The measures required might be economically and politically difficult in the short term, but were essential for sustained non-inflationary growth.

**ENERGY:** The leaders promised to break the link between economic growth and oil consumption in this decade. "This requires conserving oil and increasing production and use of alternative energy sources."

Maximum reliance should be placed on the price mechanism, and domestic prices for oil should take into account representative world prices. Market forces, said the declaration, should be supplemented where necessary by effective fiscal incentives (for investment) and administrative measures.

Conservation strategy should include: ● No new oil-fired generating capacity should be constructed, save in exceptional circumstances. Conversion of oil-fired capacity to other fuels should be accelerated.

● An increase in efforts, including fiscal incentives, to step up the substitution of oil in industry.

● Measures to encourage oil saving investments in residential and commercial buildings.

● The introduction of increasingly fuel-efficient vehicles.

Fuels, other than oil, will increasingly meet the energy needs of future economic growth, according to the seven leaders. Potential to increase the supply and use of non-oil energy over the next decade is estimated at the equivalent of 15m to 20m barrels a day, centred in the medium-term on a large boost in the use of coal and "enhanced" use of nuclear power.

Underlining the vital contribution of nuclear power, the declaration noted that nuclear generating capacity would have to be expanded, but promised the highest priority to ensuring the health and safety of the public.

The declaration noted that the increase in oil prices since 1973 has more than doubled the oil bill of developing countries, to over \$50bn (£21.4bn).

"This will drive them into ever-increasing indebtedness and put at risk the whole basis of their economic growth and social progress, unless something can be done to help them."

A major international effort to help these countries increase energy output was needed, and the seven formally asked the World Bank to examine the possibility of a new affiliate or facility to increase lending for energy assistance.

**MONEY PROBLEMS:**



Mr. Carter and Mr. Trudeau arrive for a brief private meeting (right) while a hostload of armed security men accompanies Mrs. Carter and her daughter on a tour of Venice.

The declaration emphasised that the international capital market should continue to play the primary role in recapturing surplus oil funds "on the basis of sound lending standards."

Private lending would need to be backed by an expanded role for international institutions, especially the International Monetary Fund. "We encourage the IMF to seek ways to make it more attractive for countries with financing problems to use its resources."

"In particular, we support the IMF's examination of ways to reduce charges on credits to low-income developing countries." OPEC nations were urged to increase their direct lending to countries with financial problems, thus reducing the strain on other recycling mechanisms.

**TRADE:** The seven promised to resist pressures for protectionist action and reaffirmed their determination to avoid a harmful export credit race. They committed themselves

to work to strengthen the International Arrangement on Export Credits, to reach an agreed solution covering all aspects of the arrangement by December 1.

Meanwhile, the governments would work in the United Nations for an agreement to prohibit illicit payments to foreign government officials in business transactions. "If that effort falters, we will seek to conclude an agreement among our countries, but open to all, with the same objectives."

\$80 dinners  
for the  
latter-day  
Doges

By Rupert Cornwell in Venice

THE ECONOMIC problems of the world may have proved as intractable as ever for the mighty in Venice this week-end, but there have been some notable gestures of restraint by those appointed to serve them.

The dinner at which the seven latter-day Doges feasted at their banquet in the Ducal Palace on Sunday night had been put out to tender among the local catering firms. It was won by Arrigo Cipriani of Harry's Bar, at the relatively modest charge of \$50 (£24) per head (compared with bids by the competition of up to \$120).

The plates off which they ate were worth a good deal more. Given that no real Doge had been around in Venice for almost 200 years, the palace is these days pretty empty and the antique dinner service from which the assembled Heads of State munched their four-course meal had to be borrowed from a family of Venetian nobles. It was worth an estimated \$550 a piece.

Otherwise, life has been more or less as expected. President Jimmy Carter has been regularly doing his morning jogging (yesterday a reported mile each way) from the Cipriani Hotel. After that, to breakfast at 7.30 am with 12 monks from the Benedictine Monastery, which forms part of the Chi Foundation Complex on the neighbouring island of San Giorgio Maggiore, where the summit conference is being held.

Not surprisingly, the real star of the two summits has been the City of Venice itself, as usual effortlessly attracting the most illustrious of visitors. The city has also benefited. The Japanese have promised to provide money to finance improvements to Venice's Museum of Oriental Art.

This morning, the summit will be over and the city, with unbridled relief, will be clearing up the debris to get back to as normal a life as is possible in Venice.

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Federico Delgado, Treasurer Vice-President, Industrias Peñoles.

Lawrence Miller, Vice-President, Chemical Bank. Photographed at Industrias Peñoles' Metmex division in Torreón, Mexico.

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## Rome killing marks revival of political violence in Italy

By OUR ROME STAFF

**TERRORISTS SHOT** dead a leading Roma magistrate yesterday in a revival of political violence which was interrupted briefly by the Italian regional elections earlier this month. Sig. Mario Amato, the magistrate, was shot by two people as he was waiting for a bus in Rome yesterday morning.

Sig. Amato had been involved recently in a series of big anti-terrorist investigations, including the bombings of the Rome Town Hall, the Ministry of Foreign Affairs building and Rome's Regina Coeli prison last year.

In separate telephone calls to Italian newspapers, callers claimed the killing for both the far-right "Nuclei Armati Rivoluzionari" (or Armed Revolutionary Nuclei) and the far-left Red Brigades. Police said they tended to believe that the former was responsible because Sig. Amato was one of the most active investigators of right-wing terrorist groups.

This latest outburst of political violence again coincides

with renewed political tension in Italy following Parliament's decision to interrogate Sig. Francesco Cossiga, the Prime Minister, about his alleged role in helping the flight of a suspected terrorist. The man, Sig. Marco Donat Cattin, is the son of Italy's most influential Christian Democrat politician, Sig. Carlo Donat Cattin.

The Prime Minister has denied any suggestion that he helped Sig. Marco Donat Cattin escape by telling his father his son was wanted by police. But the affair is already having major political repercussions.

Sig. Cossiga is expected to answer questions in Parliament about the affair next month. Sig. Umberto Agnelli, chief executive of Fiat, has called for a prompt devaluation of the lira to enable big industry to compete properly on foreign markets. Italian industry is losing competitiveness and Fiat, specifically, is losing ground to its main competitors in some of its traditional markets in Western Europe.

## Turks seek easier terms from banks

By David Tonge

**TURKEY IS** to ask Western banks to ease the terms under which they rescheduled \$2.9bn of Turkish debt last year, according to Mr. Turgut Ozal, the Under Secretary to the Prime Minister responsible for co-ordinating economic policy.

The banks say they will resist strongly any such move and that the ink is only just dry on last year's agreements. But, announcing his plans in an interview in London yesterday, Mr. Ozal said: "The banks have their responsibilities. They have made their profits from Turkey and developing countries and will continue to do so. But they must play their part in dealing with the problems of the world economy."

Last year the banks had rescheduled the debt and lent Turkey \$407m of fresh money over seven years at the large spread of 1 1/2 per cent over LIBOR.

Mr. Ozal said that the request would be put to the banks after Turkey completes its negotiations with members of the OECD over rescheduling up to \$3bn of official and State-guaranteed debt.

Last week members of the OECD who had met in Paris to tackle Turkey's debt failed to conclude negotiations in three days of talks. A further meeting is to be held next month, probably on July 8 and 9.

The shape of the package that is emerging is that debt falling due in the next three years could be rolled over for about 10 years. The cash quota which Turkey would be required to put up is likely to be about 10 per cent of the rescheduled debt.

All these terms represent a significant improvement on the reschedulings in 1978 and 1979 when one year's debt was rolled over for seven years, with a 20 per cent cash quota demanded.

One major sticking point last week was Turkey's request that part of the \$2.9bn official debt rescheduled in the past two years should again be rolled over. West Germany was in favour but the U.S. and France objected to this break with normal OECD practice.

CHRISTIAN SOCIAL UNION MEETS IN MUNICH

## Strauss personality puts policies in shade

By JONATHAN CARR IN MUNICH

**THE 1,000** delegates of the Bavarian Christian Social Union (CSU) were stunned. One moment they were eagerly awaiting a speech by their leader, Herr Franz Josef Strauss; the next, the Munich Bayernhalle where they were holding their party congress was plunged into darkness. Was it a power failure — or a plot by Left-wing political opponents?

It was, in fact, a surprise showing of a colour film intended by the party leadership to expose what was called "The Legend of Helmut Schmidt." For half an hour, Herr Schmidt, the West German Chancellor, was shown as one who broke promises, drove the State into ever-greater debt, underestimated Soviet power, and who was unworthy of re-election as Chancellor in the October 5 general election.

The film ended with pictures of a confident-looking Herr Strauss on two separate screens.

Herr Strauss, who is the combined opposition's esodi-date to replace Herr Schmidt as Chancellor, has spoken out against a cult of personality in politics. He says his supporters are drawn to him by the policies he advocates, not simply because they desire a strong leader of the Right. But of the four major party congresses held recently in preparation for the election campaign, that of

the CSU last weekend was the one most dominated by a single individual.

On arrival, journalists were presented with a book on Herr Strauss "from A to Z." A 50-page booklet called "Facts Instead of Lies" was also available, contesting criticism of Herr Strauss over the years. Pictures of Herr Strauss were everywhere. Even ball-point pens bearing the blue and white Bavarian colours were embellished with Herr Strauss's signature.

Whether dazzling delegates with his two-hour speech which followed the film about Herr Schmidt or clinking beer mugs with aides at an evening get-together, Herr Strauss was the star attraction. The smooth course of the plenary sessions was disturbed neither by debate of policy motions nor by interventions from the floor. Officials explained that the CSU programme had long since been thrashed out. Now was the time to show solidarity.

There were so many smiles and handshakes on the platform that it was hard to recall that there has been a long history of friction between the CSU and the right-leaning Herr Strauss. Much of that ill-feeling seems to have been buried since Herr Strauss selected a campaign team which includes those to the centre or even centre-left of the CSU.

At the CSU congress only

### Opinion polls put Schmidt ahead

**ALL SEVEN** leading West German opinion research institutes believe that the present government coalition of Social Democrats (SPD) and Liberal Free Democrats (FDP) under Chancellor Helmut Schmidt is heading for victory in October's general election. In an interview published yesterday in the magazine Der Spiegel, representatives of the institutes warn against assuming that nothing can happen between now and October to disturb the SPD-FDP lead. However, they believe that on present evidence the opposition CDU-CSU under Herr Franz Josef Strauss (right), may lose by a greater margin than it did under Dr. Helmut Kohl in 1976.



(provincial states) with CDU governments, all publicly pledged their full support to Herr Strauss in the common aim to unseat the Bonn coalition.

One answer is that polls by all seven major West German public opinion research institutes at present indicate Herr Strauss will lose. If that happens, then the Union parties may be looking for a new candidate for the 1984 campaign, and Dr. Albrecht is probably the front runner.

But the CSU will hear none of this. Of a dozen or so delegates questioned at random, only two were ready to suggest that Herr Strauss had simply "a good chance" to win. The rest seemed sure he would do so.

One reason for this confidence is that, under Herr Strauss, the CSU on its home ground has been outstandingly successful. At the last general election in 1976 the party captured 60 per cent of the Bavarian vote, which was equivalent to 10.6 per cent of the entire West German vote.

Nor has the CSU achieved its powerful position simply by scooping up the farm vote, as some of its opponents suggest. The party has constantly increased its support in Bavaria, while the number of those engaged in agriculture has declined. The secret of success, it is said, is hard work, the will to win—and, of course, the leadership of Franz Josef Strauss. It is simple as that.

## Police on alert as Basque bomb deadline expires

By ROBERT GRAHAM IN MADRID

**THE DEADLINE** set by ETA, the militant Basque separatist organisation, for the start of a bombing campaign throughout Spain's coastal resorts, expired yesterday without incident. But security forces and bomb disposal experts remained on full alert.

On Sunday, ETA's political-military wing, said it would begin a systematic bombing campaign from mid-day yesterday unless the Government met three demands.

These were the immediate freeing of 18 people detained for alleged ETA activities; the dismissal of the head of Soria Prison in northern Spain where many Basque prisoners are being held and the scene of frequent disturbances; and the fixing within two months of a timetable for the incorporation of the province of Navarre into the autonomous Basque region. Navarre is the fourth Basque

province. But for historical reasons, it was not directly included in last autumn's Basque autonomy statute.

ETA's political military wing issued similar demands last summer before opening a bombing campaign of Spanish beaches. Two tourists were injured in 14 incidents at coastal resorts. The campaign culminated in explosions at Madrid Airport, and the city's railway station, causing seven deaths and over 100 injuries.

Unlike ETA's hardline military grouping, the political-military wing has sought to avoid assassination and the incident in Madrid rebounded against it. It was persuaded to end its campaign of terror after contacts conducted through third parties, and subsequently it admitted it had made a mistake. However, it blamed the deaths on slow action by the police.

## French social security warning

By TERRY DODSWORTH IN PARIS

**THE FRENCH** social security system could be running up a heavy deficit again at the end of next year despite the Government's recent and successful efforts to haul it back into balance. This view of the system's uncertain finances comes from a specially appointed committee which has been looking into the accounts. The committee concludes that there was a slight deficit in the order of FFfr 300m (£31m) last year, and that it should run up a surplus in the order of FFfr 8.4bn (£875m) in 1980. But on present trends the deficit is expected to shoot up again to FFfr 3.8bn (£395m) next year.

This figure is well below the FFfr 10.8bn (£1,120m) deficit of 1978 which forced the Government into a painful reorganisa-

tion last summer. Nevertheless, it raises a serious question mark over the authorities' ability to suppress certain special payments designed as a temporary measure to tide the fund over a difficult period.

This special levy was made by raising by 1 per cent all social security contributions from wage and salary earners (industry was excluded). The Government promised, however, that it would get rid of the levy at the beginning of 1981.

Given the Government's promises to halt the gradual increase of personal taxation and social security payments, it will clearly be keen to drop the special levy as promised. The committee also adds a warning

on this score, stating that a steady growth in demands for funds to finance social payments would undermine public confidence in the system.

But, in order to keep the tentative balance in the books achieved last year, the committee makes it clear that medical costs in particular need to be kept under tight control.

There are some hopes that a lasting improvement will be achieved in this sector. Whereas costs of the national health service were rising at an annual rate of 20 per cent at the time the Government took its measures last summer, the annual rate of growth had been reduced to about 16 per cent by the end of last year, and 14 per cent by the end of April.

## EEC unemployment falls in May but trend gloomy

By GILES MERRITT IN BRUSSELS

**THE LATEST** unemployment figures for the whole of the EEC released in Brussels show that the number of those out of work in the Community fell in May to its lowest level in six months. Registered unemployed totalled 6.08m last month, against a round 6.5m during the early months of this year. As a proportion of the total working population, unemployment stood at 5.6 per cent, against the high of 6.1 per cent of January 1980.

But although the unadjusted figures supplied to Brussels by member governments show a heartening improvement in employment, with the jobless rate dropping steadily by 0.1 per cent every month since last January, the seasonally adjusted

graph published told a different story. As part of a general pattern that has seen EEC unemployment grow from just over 5.3m in early 1976, the past six months have produced a sharp acceleration, taking the total from around 6m to approaching 6.5m.

The three member countries with the most marked decreases in registered unemployed in May were Luxembourg (down 12.8 per cent), Denmark (down 8.1 per cent) and West Germany (down 7.1 per cent). Britain showed the slightest of changes with a drop in unemployment of just 0.9 per cent, while the Netherlands and Ireland both recorded a 1.6 per cent growth in those out of work.

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## OVERSEAS NEWS

# '10,000 Russian troops quitting Afghanistan'

MOSCOW—Moscow Radio, quoting the Afghan Government, yesterday said one division of Soviet troops and 108 tanks were leaving Afghanistan for home under the Kremlin's limited military pull-out, Reuter reports.

The announcement, on the radio's overseas English-language broadcast, indicated the Kremlin was withdrawing 10,000 men from the country, which Soviet troops entered last December.

The Afghan Information Ministry in Kabul was quoted by the radio as saying the troops were proceeding along the 310-mile road to the Soviet border via the Salang Pass.

K. K. Sharma reports from New Delhi: If the withdrawal has actually taken place, it is the first since the Soviet invasion last December. But there is widespread scepticism among Western diplomatic observers and regional analysts in New Delhi.

The analysts point out that for the past fortnight there have been heavy reinforcements of Russian troops in Afghanistan. They mention increased air activity, especially the landing of transport troop carrier planes in Kabul.

The much-publicised withdrawal is probably just a show timed to coincide with the meeting of the committee formed by the Islamic conference at Geneva, which has declared support for the intensification of

the insurgency against the Karmel régime.

It is also believed to be intended to placate such countries as India which last week expressed open scepticism over Russian intentions to withdraw from Afghanistan.

If so, the move has been partially successful, since Indian officials have welcomed the decision to begin withdrawal of troops although further details are awaited before an official statement is made.

Observers here point out that insurgency in Afghanistan is becoming more effective and the rebels appear to be acquiring new and modern arms. They are also learning to attack convoys and bring down Russian helicopter gunships.

In face of this intensified activity, the Russians would need more troops to deal with the situation rather than withdraw them. Hence the conclusion is inescapable that the announcement is politically motivated and is being used for propaganda purposes.

The Russians have never announced the number of their troops in Afghanistan but Western observers have estimated them at between 85,000 and 100,000. It is known that troops have been rotated and many contingents from Central Russia are being replaced by those from the eastern provinces. It is possible, therefore, that the "withdrawal" is just part of the rotation.

Charles Smith, Far East Editor in Tokyo, looks at the struggle for the leadership of the LDP.

## Wanted: someone to celebrate a triumph

THE TRIUMPH of Japan's Liberal Democratic Party (LDP) in last Sunday's election, when the party emerged with its biggest Lower House majority since 1969, leaves open the question of who will lead the party and become Prime Minister. Japan's last Prime Minister, Mr. Masayoshi Ohira, died half-way through the election campaign, removing, according to some analysts, the Opposition's main target, and improving the LDP's showing. He left no heir. Indeed, it is almost impossible to decide which of three probable candidates for the leadership has the best chance of succeeding Mr. Ohira.

The men concerned include two, Mr. Yasuhiro Nakasone and Mr. Toshio Komoto, who have made clear their candidacies, and one, Mr. Kiichi Miyazawa, who has not, but who might be called upon to serve if pressed. The reason why Mr. Miyazawa has a chance, despite his reticence, is that there are serious objections to each of the other two.

### Distrusted by other party members

Mr. Nakasone, 62, leads the fourth-largest major factional grouping in the Liberal Democratic Party, and is the only leader of a big faction whose hat is in the ring. But he is widely distrusted by other party members, not least for his wheedling and dealing during the various intra-party confrontations of the past few years.

Until early this year, the

THE PARTIES		
Liberal Democratic Party (LDP)	284	(258)
Japan Socialist Party (JSP)	107	(107)
Komeito (Clean Government Party)	33	(58)
Japan Communist Party (JCP)	29	(41)
Democratic Socialist Party (DSP)	32	(36)
New Liberal Club (NLC)	12	(4)
United Socialist Democratic Party (USD)	3	(2)
Independents	11	(4)
Vacancies	6	(1)
TOTAL	511	511

Figures in brackets show party strengths at the dissolution of Parliament.

Nakasone faction was considered to be one of the "anti-mainstream" factions which opposed the leadership of the late Mr. Ohira. The faction changed sides—or attempted to do so—when Mr. Nakasone failed to join other anti-mainstream leaders in a walk-out during the crucial no-confidence vote which led to the downfall of Mr. Ohira's Cabinet in May. By not taking part in the walk-out, Mr. Nakasone lost any prospect of becoming the candidate for party leadership of the anti-mainstream groups seeking to overthrow Mr. Ohira. Whether he has been accepted as a *bona fide* member of the

### THE LDP FACTIONS

THE LDP FACTIONS					
Tanaka	Ohira	Nakasone	Fukuda	Miki	Nakasawa
55	55	44	49	33	19

The LDP is split into six main factions: the "mainstream" factions, led by Mr. Kakuei Tanaka (with 55 adherents) and the late Mr. Masayoshi Ohira (55); and the "anti-mainstream" groups, led by Mr. Takeo Fukuda (49), Mr. Takeo Miki (33), and Mr. Ichiro Nakasawa (19). Mr. Yasuhiro Nakasone leads a faction (44) whose position is unclear. There are 37 uncommitted LDP Members of Parliament.

Mr. Komoto's best chance of gaining the leadership is, therefore, to play down his factional affiliations. He has done this by making the sweeping suggestion that the factions should be abolished altogether, so that candidates can be selected on their merits.

If Mr. Komoto fails to pull off his faction-dissolving gambit, and if the "mainstream" group decides it cannot stomach Mr. Nakasone, the chances are that Mr. Miyazawa will be called on to take over the leadership. Aged 62, and a member of the Ohira faction, Mr. Miyazawa is by far the most sophisticated and international of the three

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after he had been embroiled in the Lockheed bribery affair, but is still *de facto* leader of the Tanaka faction, the party's largest, and a pillar of the "mainstream" group. With the Ohira faction leaderless, Mr. Tanaka may well have to decide whether the mainstream alliance should accept Mr. Nakasone as its candidate, or go for one of the other two options. His position has become even more crucial since the surprise electoral defeat of the veteran Mr. Eiichi Nishimura, Mr. Tanaka's former right-hand man, within the LDP.

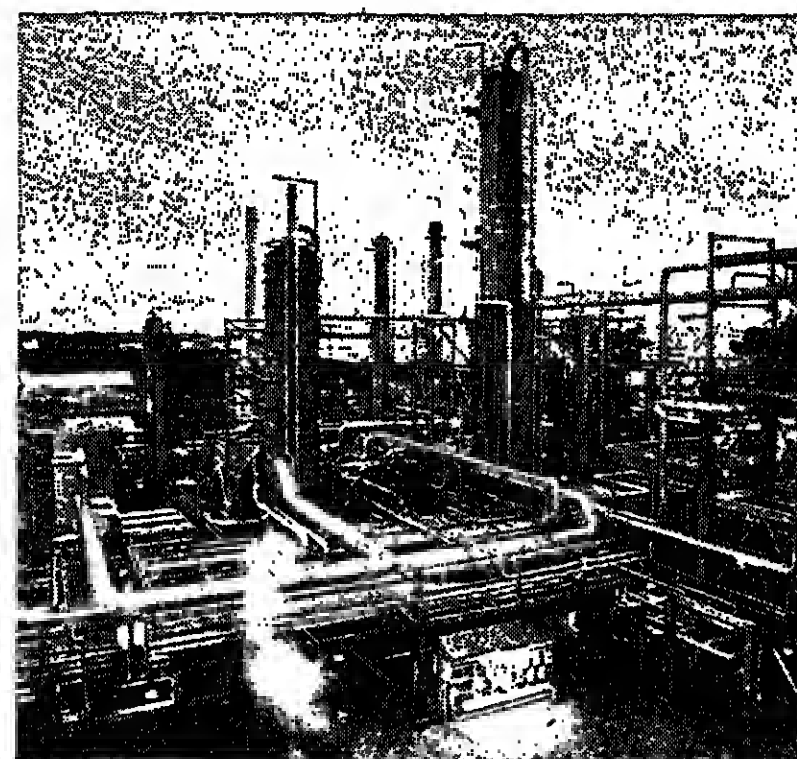
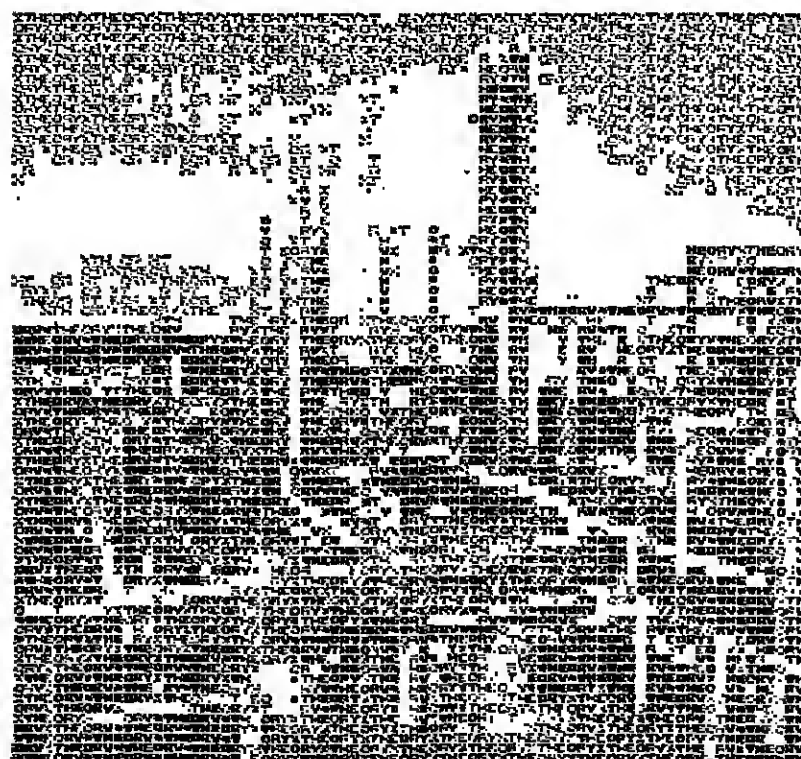
### Leadership decision

The leadership question is expected to be settled by the week of July 17 to 24, when the Diet will probably be convened for its first post-election session. The man who gets the job will formally be chosen to do no more than serve out the remaining five months of Mr. Ohira's unexpired two-year term as leader.

In reality, he will probably steer the party and Japan through at least the next two years. The LDP's new found strength could make these eventually earn, at least in terms of legislation, since the party now controls all the major Lower House committees instead of barely maintaining a majority. Whether the Liberal Democrats will be harmonious in terms of party unity is another question, and a much more dubious one.

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## Shooting reaches Bethlehem

By David Lannon in Tel Aviv

THE USUALLY quiet Christian town of Bethlehem on the Israeli-occupied West Bank was tense and angry, following the death yesterday of a young Palestinian girl student, who had been injured five days ago by bullets fired by Israeli troops.

Part of the town is under curfew, following a revenge shooting over the weekend, presumably by a local Palestinian, which seriously wounded an Israeli soldier.

These incidents mark a sharp deterioration in the security situation in Bethlehem, which, as a tourist and pilgrim centre, has in the past been one of the quietest towns under the occupation.

The dead girl, Miss Tagrid al Batneh, whose age was variously given as between 18 and 22, was a second-year student at Bethlehem University. She was hit on Thursday while walking towards the University. The army spokesman in Tel Aviv said that the bullets which caused her injury had been accidentally discharged from the gun of a passing military jeep.

Bethlehem University, a Catholic college, closed yesterday in sympathy and protest over the killing. In the past, college students have complained about harassment by the Israeli occupation forces. Despite the Israeli claim that the shooting was accidental, the general belief on campus is that this action is part of the Israeli "strong arm" policy aimed at intimidating the local Palestinian population.

Mr. Elias Freij, the mayor of Bethlehem, said yesterday that the fact the girl student had died from her wounds would deepen the polarisation between Israelis and Palestinians. "The cycle of violence will hurt everybody," he said. The mayor, a moderate among the mainly radical nationalist West Bank leadership, said that he hoped the curfew imposed on the business centre of the town on Saturday, following the shooting of the soldier, would be lifted soon.

## Vietnam troops launch attack into Thailand

BANGKOK — Vietnamese forces supported by artillery

drove across the frontier into Thailand yesterday, overrunning one village, shelling others and sending up to 100,000 Kampuchean refugees fleeing in panic, Thai officers on the border reported.

More than 30 Thai soldiers were killed and another 100 were wounded in the sharp clashes that began shortly after midnight on Sunday. Casualties among the Kampuchians, of whom 200,000 are strung out in camps along the border, were thought to be heavy.

An Associated Press correspondent reported from the scene of the fighting that Vietnamese troops overran a Kampuchean border encampment at Noon Mark Noon, then entered a Thai village of the same name nearby, burning a few houses but apparently not harming the villagers who had remained behind.

Fighting was reported to be continuing, with the Thai army on full alert along the length of the border. The incursion occurs just two days before foreign ministers of the Association of South-East Asian Nations (ASEAN) meet in Kuala Lumpur to discuss the problem of Kampuchea.

Vietnamese artillery shelled at least three other Thai villages and 30,000 Thais had been evacuated from five border villages, the AP correspondent reported.

All foreign relief workers at the border were also being evacuated although there were no immediate plans to have them leave the sprawling camp at Khao I Dang, 12 kilometres from the border.

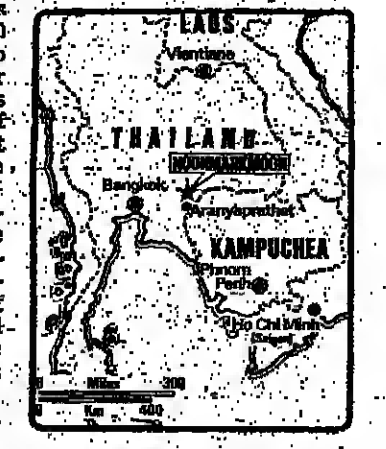
The camp houses some 130,000 refugees who had entered Thailand rather than remain in a no-man's land along the border. This no-man's land appears to have been the main target of the Vietnamese attack.

"The situation appears to be getting out of hand," a Western aid official in Bangkok said of the exodus of Kampuchians from the border.

The fighting and shelling was concentrated on a 60-kilometer

stretch of the border north of Aranyaprathet, 225 kilometres east of Bangkok. Roads leading northwards from the border town were closed to civilian traffic.

Some 200,000 Vietnamese are inside Kampuchea to prop up



the government in Phnom Penh. The Kampuchean regime and Vietnam have accused Thailand of supporting the Khmer Rouge guerrillas of the ousted Kampuchean Premier, Pol Pot, and recently of repatriating Pol Pot guerrillas in the guise of refugees.

Tony Walkers adds from Peking: China, anxious about diminishing support for the Khmer Rouge, has called in its ambassadors to repeat its support for the forces of Pol Pot. Among the ambassadors summoned by the Chinese Foreign Ministry at the weekend were those of the United States, Australia, Japan, Thailand, Malaysia and New Zealand.

The Chinese clearly summoned representatives of the only two ASEAN countries represented in Peking, along with those of Australia, New Zealand and Japan, to make sure Peking's message was carried to the ASEAN foreign ministers' conference.

The Chinese diplomatic moves may also have the longer-term aim of persuading countries of the region and America not to drop recognition of the Khmer Rouge at the UN.

## S. Africa silent on gold moves

BY BERNARD SIMON IN JOHANNESBURG

THE SOUTH African Reserve Bank, which is responsible for South Africa's bullion sales, was yesterday unwilling to confirm reports that the country may withhold up to 1m oz of newly-mined gold from the world market, but confirmed it was implementing a flexible sales policy. The reports began circulating last week.

It is no secret that Pretoria has been withholding some gold. In March, Mr. Owen Horwood, Minister of Finance, confirmed that South Africa's sturdy balance of payments had allowed it to adopt a more flexible marketing policy for its most important export.

As a result, the Reserve Bank has been able to hold back a portion of current output when the market is weak, although it insists it has no intention of "manipulating" the market. One senior bank official said recently that not a day has passed without at least some sales.

Sizeable quantities have, however, been withheld. Judging by monthly foreign reserves figures, the Reserve Bank's gold holdings have moved up from

8.6m oz last September to 11.3m oz at the end of May.

Some of the increase may be due to repurchases of gold pledged to Swiss banks under various "swap" arrangements in 1976 and 1977. These transactions involved some 8m oz of gold pledged to the banks in exchange for foreign currency.

The South Africans have the right to repurchase the gold. Predictions of future sales levels are impossible without a guide to the course of the gold market and South Africa's balance of payments. "If it's a flexible policy, you can't know in advance what you're going to do," a reserve bank spokesman commented. "We take all market forces into account."

Another uncertainty is the amount of "swap" gold which Pretoria decides to buy back from the Swiss banks. About half of the 8m oz pledged have been repurchased in the past year. Most has been resold into the open market, with the result that South Africa last year sold considerably more gold than the 703 tonnes it produced.

Sales of "swap" gold have brought handsome profits to the

Treasury. Te swaps were concluded at prices between \$100 and \$150 an ounce. The buy-back price reflects only interest charges and is therefore well below ruling market prices.

Mindful that prices can go down as well as up, the seven major mining houses have been examining ways of ensuring that their future earnings do not plummet low enough to put their operations in jeopardy.

One way would be to sell at least a portion of their production forward on futures markets and the Reserve Bank has given the mines permission to do this.

But the mining houses are still not sure that hedging is the answer. "The mines are carefully considering various proposals, including the advantages and disadvantages of using futures markets," one mining industry official said this week.

Among the alternatives to hedging being considered are further "swap" arrangements negotiated in such a way that the mines, rather than the Treasury, would be the main beneficiaries.



## Ford voices concern at Reagan advisers

By Jurek Martin, U.S. Editor, in Washington.

FORMER President Gerald Ford said yesterday that he was "a little apprehensive" about the foreign policy advice currently being given to Mr. Ronald Reagan, the Republican Party's likely Presidential candidate.

In an interview with the Wall Street Journal in which he was generally approving of Mr. Reagan's military and critical of President Jimmy Carter's record, Mr. Ford suggested that "there has to be some balancing" in Mr. Reagan's foreign policy establishment.

He implied that he had been as concerned about the economic policy advice Mr. Reagan had previously been receiving, but that the addition of experienced men like Mr. George Shultz, former Treasury Secretary, Mr. Alan Greenspan, chairman of the Council of Economic Advisors, and Mr. Arthur Burns, the former chairman of the Federal Reserve Board, had provided the necessary contrast to Professor Milton Friedman and Mr. Arthur Laffer, who are associated with the more doctrinaire conservative wing of the party.

If Mr. Ford had his way, there is little doubt that Dr. Henry Kissinger, the former National Security Adviser and Secretary of State, would be added to the Reagan foreign policy stable in some formal capacity. But Mr. Reagan has been so critical of Dr. Kissinger over the years, especially in the latter's pursuit of the policy of détente with the Soviet Union, that such an accommodation appears unlikely.

Mr. Ford used the interview to urge Mr. Reagan to continue to try to broaden the appeal of the Republican Party. He said that his previous criticism of the man he beat for the nomination four years ago—that he was too extreme to be elected—was "water over the dam."

But in the foreign and domestic policy fields, he suggested that the choice of a Vice-Presidential running mate was very important, both in unifying the factions inside the party and in providing experience to the ticket, preferably derived from the Washington arena.

Mr. Ford also repeated his view that Mr. John Anderson's independent candidacy, which is still theoretically in the exploratory stage, but which according to many polls, is attracting the support of as much as 20 per cent of the population, could ensure that the next President will be chosen not by the public on November 4, but by the House of Representatives early next year.

BY RAYMOND WHITAKER

MORE THAN 20 members of the Jamaica Defence Force and a civilian have been detained for questioning in connection with an alleged plot to overthrow the socialist Government of Mr. Michael Manley.

The Prime Minister announced this in a brief radio statement on Sunday night, but no further details were immediately forthcoming. It is understood, however, that the civilian arrested was Mr. H. Charles Johnson, leader of a small right-wing party called the Jamaica United Front. Mr. Johnson has stood unsuccessfully for election several times. His party is not represented in the Jamaican Parliament.

Although the Jamaican Defence Force is small, numbering only 4,000 men, observers say it would be capable of staging a coup if all its members acted together. The names of the soldiers involved were not known, but military officials said they were NCOs and junior officers, up to the rank of captain.

The effects of a coup in a democratic country like Jamaica would be widespread. Mr. Manley's increasing closeness with Cuba has caused some concern in Washington and alienated businessmen at home and abroad, but the Jamaican Prime Minister is prominent in the non-aligned movement and other international organisations, and his overthrow would do considerable damage to U.S. attempts to increase its influence in the Caribbean.

Mr. Manley said a conference with the country's security chiefs on Sunday had confirmed the existence of "an alleged conspiracy to commit certain acts detrimental to national security and subversive of the constitutional government."

According to reports in Kingston, the capital, the plotters planned to seize the Defence Force armory and assassinate Brigadier Robert Nels, the Chief of Staff. Mr. Manley was to have been taken to a radio station to broadcast his resignation, and Mr. Edward



Glyn Gwin  
Dr. Arthur Burns

## Burns heads new inflation group

BY JUREK MARTIN, U.S. Editor in Washington

A NEW, prestigious "committee to fight inflation" under the leadership of Dr. Arthur Burns, former chairman of the Federal Reserve Board, was born in Washington yesterday.

Its seven-point programme runs the full gamut of generally, though not exclusively, conservative economic policies, including proposals that it would make it more difficult for the Government to run a budget deficit, a five-to-seven-year schedule of progressively larger tax cuts for business, reaffirmation of the need for continued restrictive monetary approach, the free market approach to energy pricing, and

the dismantling of such Government regulation as impedes productivity and free trade.

Although operated out of the conservative American Enterprise Institute, where Dr. Burns is a visiting fellow, the committee does have a genuinely bipartisan composition and Dr. Burns was joined at the inaugural Press conference yesterday morning by Mr. Michael Blumenthal, previously Treasury Secretary in Mr. Carter's Cabinet.

The 13-member committee includes five former Treasury Secretaries (Mr. Blumenthal, Mr. Henry Fowler and Mr. Douglas Dillon served in Demo-

cratic administrations. Mr. George Shultz and Mr. William Simon in Republican governments), two former Fed chairmen (Dr. Burns and Mr. William McChesney Martin) and four ex-Congressional committee chairmen (including Mr. Wilbur Mills) and one ex-chairman of the Council of Economic Advisers, Mr. Paul McCracken.

Alongside its specific proposals, the underlying thrust of the committee, as outlined in a statement by Mr. Fowler, is to educate both Government and public in the need for consistent and persistent anti-inflation-

ary policies if the deleterious effects of escalating prices are to be thwarted.

There is clearly a pertinence to the timing of the formation of the committee. The Carter Administration is currently formulating responses to the challenges posed by the recession and, in the opinion of some, may run an inflationary risk by excess economic stimulation.

The committee's recommendation of a five to seven year reduction in corporate taxes (starting modestly but rising in later years) suggested that the committee also looked askance at such a radical approach.



Glyn Gwin  
Mr. Michael Blumenthal

## Foreign exchange deals soar

By David Lascelles in New York

FOREIGN EXCHANGE business in the U.S. is soaring, according to a report released yesterday by the Federal Reserve Bank of New York. In a sample of 90 banking institutions last March, the Fed said foreign exchange transactions averaged \$23.4bn (£9.98bn) a day, nearly five times more than in the Fed's previous (but smaller) sample in April, 1977.

The Fed said the figure contains some duplication since banks report transactions with each other. But after double-counting is eliminated, the total would be about \$18bn, it estimates. Total transactions for the month amounted to \$491.3bn.

The 90-bank sample included "money centre" banks, and large domestic regional banks, the U.S. branches and agencies of foreign banks, and the so-called Edge Act corporations, which are specially established by U.S. banks to finance foreign trade.

The most heavily traded currency was the Deutsche mark, which accounted for about 32 per cent of the total, compared with about 25 per cent in 1977. Next came sterling with 23 per cent (up from 17 per cent). Third was the Canadian dollar with 12 per cent, followed by the Japanese yen.

The report also showed that banks do most of their foreign exchange trading among themselves. Only 8 per cent of the total was with non-bank customers. Of this share, about 15 per cent was with participants in the newly-fledged financial futures markets.

## Kennedy fights losing battle over Democratic election policy

BY DAVID BUCHAN IN WASHINGTON

SENATOR Edward Kennedy is losing to President Jimmy Carter in the war of words over the policy platform to be presented to the Democratic Convention in August.

The 158 members of the Democratic Platform Committee, whose political leanings reflect the overall margin of the President's victories in primary elections this year, rejected by nearly two to one the Senator's economic prescriptions: a wage and price freeze, a \$12bn public jobs programme, a pledge not to fight inflation with recession, and new Federal agencies to revive the competitiveness of U.S. industry.

The committee's decisive backing for Mr. Carter's current economic strategy is a major blow for Senator Kennedy, who has vowed to promote his Presidential candidacy right to the August nominating convention in New York, arguing that the changed economic plight of the country has rendered earlier primary verdicts obsolete.

Thus far, the committee's work this week and last has done nothing to heal the Carter-Kennedy split. The Senator's forces won minor victories when pro-Carter delegates joined their positions for abortion, "an orderly phase-out" of nuclear power plants and a moratorium on licensing new ones.

But these gains were not an adequate consolation prize for almost certainly losing the

party's White House ticket. Senator Kennedy maintains that it is economic policy on which the Presidential election will be won or lost.

Nevertheless, conciliators in the party hope that the final draft of the Democratic platform, to be approved today for consideration at the August convention, will show a greater gulf with the Republican Party than between individual Democrats.

Party platforms in the U.S. are only the broadest gauge of what issues are on the country's mind in any Presidential election year. They are not a precise commitment which a successful Presidential candidate is bound to carry out. Indeed, Senator Barry Goldwater, the Republican standard-

bearer in 1964, once described them as at best "a packet of misinformation and lies."

Individual planks in the party platforms are frequently ignored—the most famous example perhaps being the 1932 Democratic platform that called for a balanced budget and a 25 per cent cut in Government spending. The new Democratic President, Franklin Roosevelt, then went on to pull the country out of depression with the largest budget deficits ever seen.

Mr. Carter has been berated by opponents for increasing defence spending instead of lowering it, as promised in the 1976 Democratic platform. Nonetheless, the parties' platforms are as a general rule honoured slightly less in the

breach than in the observance, and the 1976 Democratic platform pointed the way to the SALT II treaty and the Panama Canal treaties.

For their part, the Republicans are expected to have a much smoother task in agreeing a platform for Mr. Ronald Reagan, the steamroller winner of his party's primaries. The one note of tension is his choice as his Vice-Presidential running mate. A United Press survey this week showed strong party hierarchy support for Mr. George Bush, who was Mr. Reagan's last surviving rival in the primaries. Senator Howard Baker, another possible running mate, came in a distant second in the UPI poll of Republican state chairmen and national committee members.

But the Republican National Committee has had other matters on its collective mind in the past few days. The spectre of another Watergate scandal was raised last week when mysterious wires were found in the office of Mrs. Mary Crisp, co-chairman of the committee. These initially led security experts to suspect that Mrs. Crisp's telephone might have been bugged.

After false alarms and some speculation that Mrs. Crisp was being monitored by conservative forces in the party with whom she is at odds over the Equal Rights Amendment for women, it was eventually discovered the wires were hooked in to nothing more sinister than a background music system.

## Ambassador 'alive' in El Salvador

SAN SALVADOR — El Salvador security forces have captured a Left-wing guerrilla leader, Sr. Julian Espinoza, and National Guards said yesterday he had given away rebel plans.

Sr. Espinoza, seized at the weekend, also told his captors that Mr. Archibald Gardner Dunn, the South African Ambassador to El Salvador, was still alive, but that he did not know where, the National Guards said.

Sr. Espinoza, who joined the underground struggle against El Salvador's ruling civilian-military junta eight months ago, was a leader of the Popular Liberation Forces, one of the three main guerrilla groups, the Guards said.

Sr. Espinoza told security forces the guerrillas were divided, but were preparing a major offensive in the near future, to be signalled by a power blackout in San Salvador, the capital.

Reuter

## Soldiers arrested in Jamaican 'coup plot'

BY RAYMOND WHITAKER

MORE THAN 20 members of the Jamaica Defence Force and a civilian have been detained for questioning in connection with an alleged plot to overthrow the socialist Government of Mr. Michael Manley.

The Prime Minister announced this in a brief radio statement on Sunday night, but no further details were immediately forthcoming. It is understood, however, that the civilian arrested was Mr. H. Charles Johnson, leader of a small right-wing party called the Jamaica United Front. Mr. Johnson has stood unsuccessfully for election several times. His party is not represented in the Jamaican Parliament.

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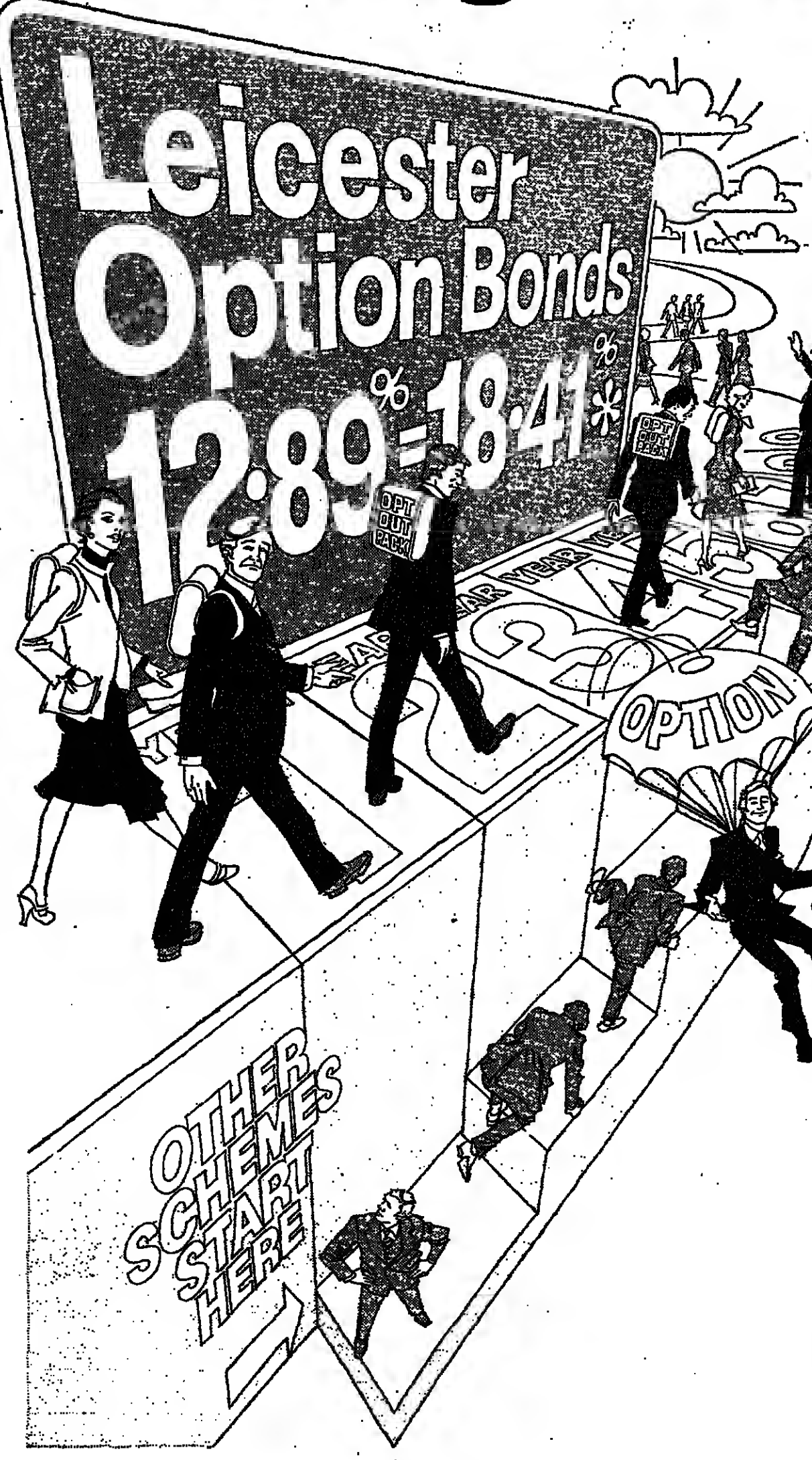
Mr. Michael Manley... under attack

Seaga, the Leader of the Opposition, installed in his place. Mr. Pearson Charles, deputy leader of Mr. Seaga's Jamaica Labour Party, went on radio yesterday to dissociate the JLP from any plot to overthrow the Government. Mr. Seaga was off the island on JLP business, he said.

Although it appears that the alleged subversion had little support, the arrests are likely to worsen the tense and often violent political climate in Jamaica ahead of the general election expected in September. Ironically, Mr. Manley's radio announcement was made immediately after a long tape-recorded speech in which he dismissed opposition charges that his Government might seek a military solution to Jamaica's problems.

Several dozen people have been killed so far this year in political violence which Mr. Manley's People's National Party and the JLP each blame on the other. With the economy in serious difficulties — unemployment is estimated to be over 30 per cent, foreign exchange reserves are barely enough to cover daily import requirements and foreign debt is \$1.3bn (£553m) — the election is being seen as a test of the whole direction the country has taken

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## WORLD TRADE NEWS

## Lagos mission says UK not aggressive in trade dealings

BY BRIDGET BLOOM

BRITISH INVESTORS should adopt a more aggressive approach to Nigeria so that they can take full advantage of the increasing opportunities offered by Nigeria's growing economy and the general goodwill of its business community towards Britain, Chief Akin-George, leader of a 27-member trade mission to Europe, said in London yesterday.

Chief Akin-George, who is President of the Lagos Chamber of Commerce and Industry (LCCI), which is sponsoring the Nigerian mission, told a press conference that Nigeria's year-old civilian government was well disposed towards both private sector and foreign investment. Out of planned capital expenditure of Naira 33.4bn (£28.7bn) for the new four-year (1981-85) development plan, nearly one third, or Naira 9bn, was expected to come from the private sector. Chief Akin-George emphasised that the Nigerian government, which had now lifted import restrictions on raw materials and spare parts, was also opening up other areas of the economy—in particular in agriculture-based industries—to foreign investors.

But in a plea which was reiterated by other delegation members, Chief Akin-George said that while Nigeria "would like as much as possible to maintain the old link with Britain as her traditional trading partner," British investors had to be "more aggressive like their competitors from other countries."

Other members complained of long delays in British deliveries, the lack of competitiveness in the British motor industry, and the tendency of UK investors

"to sit in air-conditioned offices while their Japanese or European competitors get out there in the traffic jams and the heat to sell."

Mr. Oludayo Sonuga, Treasurer of the Lagos Chamber, said that it was an understatement that Nigerians wanted to trade with Britain. "We love everything British," he said, but "since 1975, when the last major trade mission came to Britain we have seen little change in Britain's attitudes."

After a fall last year to some £600m, Britain is set to regain the £1bn export market in Nigeria in the current year. The decline in 1979 was partly the result of soured Anglo-Nigerian relations over Zimbabwe as well as of a decline in economic activity in Nigeria.

But Chief Akin-George—whose mission will go on to West Germany, France, the Netherlands, Belgium and Austria—emphasised the country's present economic and political stability and the Government's determination to lessen dependence on oil.

The "Nigerianisation" of foreign business under the 1977 decree was settling down, and there were many opportunities for joint ventures, with either a majority or minority interest for the foreign investor. The Government had decided, for example, that foreign companies wishing to invest in plantation agriculture "could take up to 60 per cent." The mission would explore agro-based joint venture projects, as well as small to medium industrial ventures on a partnership basis.

## Turks to build Kano plant

ISTANBUL — A Turkish company is to build Africa's largest pharmaceutical plant in northern Nigeria, in co-operation with a Nigerian business group and the Federal Government, the company, Eczacibasi Holding, said yesterday.

Mr. Ayhan Suskun, Eczacibasi technical director, said the \$120m (£51m) factory would be built in Kano Province, with his company and the Nigerian business group, Kogua-Rabura-

Thomas each holding 37.5 per cent interest and the Nigerian Government 25 per cent.

The plant, to be completed over five years, will produce antibiotics, vitamins, anti-malaria vaccine, cosmetics, food additives and veterinary supplies, Mr. Suskun said.

Nigeria imports 90 per cent of its medical supplies, according to a member of the Nigerian business group. Reuter

## Rapier deal for Swiss nearer approval

BERNE — The Swiss Government yesterday formally proposed the purchase of 60 units of the British-made Rapier mobile anti-aircraft guided missile system at an initial cost of SwFr 1.2bn (£215m).

A Government message to Parliament said that, if the deal is approved, delivery to the forces could start in 1984 and be completed by 1987. Development by British Aerospace, a Rapier unit includes a mobile missile rack target radar and guiding transmitter.

The Government move had been expected for some months following a Parliamentary commission recommendation last February that Rapier be bought this year and that 40 U.S.-built Tiger fighter aircraft be acquired to bolster Swiss defences against attack by tanks and armoured columns.

The message said the Government planned to manufacture the missiles in Switzerland under licence. This increased the cost but offered the advantages of gaining technical know-how and providing work for some 140 people for about five years.

The cost, estimated to increase to a total of SwFr 1.7bn with inflation, would be covered out of the regular annual defence budgets, the message said. The Rapier was preferred to the existing French-German system because of its lower cost, simpler handling and because it has stood its tests in Britain.

Defence Ministry officials said demands for compensatory British orders worth 20 per cent of the contract price were "dropped" when the British Department of Trade said this would be contrary to the spirit of free trade.

But Switzerland still hoped to obtain some British orders to offset the cost, they added. The contract could be signed in December, the officials said, but a high annual inflation rate in Britain and a strong sterling could cause a requirement for extra credit.

The Swiss chose the all-weather version of the missile after about seven years' intensive study. Initial negotiations between the two countries began in the 1960s. Agencies

## Turning Jordan valley into a Mideast garden

BY RAMI G. KHOURI IN AMMAN

FIFTEEN OF the world's leading development aid bodies gather in Amman next month to put the final touches on a \$1.3bn (£590m) package of projects to turn the Jordan valley into a major source of fresh agricultural produce for the Middle East.

The Jordanian Government and the group of donors will put in place infrastructural works to irrigate a total of 22,000 hectares of prime land, bringing total irrigated areas in the valley to some 31,000 hectares.

A series of contracts will be awarded in the coming year to build the Maqarid Dam astride the Yarmuk River, in north Jordan, lay down pressure irrigation networks for 22,000 hectares of farmland throughout the 100-kilometre-long valley, and put in place a water treatment, storage and delivery system to provide the urban regions of Amman and Irbid, in north Jordan, with up to 60m cubic metres of domestic water a year from the Maqarid Dam reservoir.

If present experience is anything to go by, the money being invested in the valley by the Government will be surpassed several times over by the private investments of farmers and financiers, who are just starting to appreciate the magnitude of the valley's agricultural potential. The Jordan Valley

Authority (JVA), established in 1973 to draw up and implement an integrated socio-economic development plan for the entire valley, estimates that for every dollar it spends in the area, private sector investors have been putting in \$5, mostly in agricultural facilities such as plastic hot-houses, row tunnels, drip irrigation systems and farm machinery.

Thus the biblical valley, lying between 200 and 400 metres below sea level at the lowest spot on earth, is emerging as a \$10bn market for agricultural services and products in the coming decade.

The unique combination of resources that gives the valley such potential includes a warm winter climate, year-round water from 10 rivers and rivers that feed into the Jordan River and highly fertile soil that has been virtually untouched in the last 9,000 years.

In the 1950s, a few pioneering farmers started growing tomatoes and cucumbers in the area, which fetched prime prices because they reached retail markets in Jordan and nearby Arab states at least two months before highland farmers picked their produce.

The 1967 Arab-Israeli war and its aftermath saw the valley turn into a battle zone, with most of its 60,000 population fleeing for safety to the eastern

banks. By 1972, the population of the valley had dwindled to 5,000 war-rattled farmers, who braved the dangers of nervous armies to remain in the valley to water their precious citrus groves.

By 1972, the Jordanian Government decided it was finally time to address the potential of the valley in a major way.

A committee was established to formulate a comprehensive development plan, whose novelty was the integrated nature of its approach laying down an agricultural infrastructure simultaneously with full social services to attract people back into the valley. Phase one of this programme is now completed, and includes grouping the population into 33 villages, provided with houses, schools, clinics, streets, water, and power systems, and commercial and Government complexes.

The population of the valley has risen to 88,000 people to date, and is projected to reach 150,000 at full development in the mid-1980s.

Phase two is now under way, and revolves around the 380m cubic metre capacity Maqarid Dam, designed by Harza Overseas Engineering Company of Chicago.

Twenty-two international contractors have been shortlisted for the dam contract, including

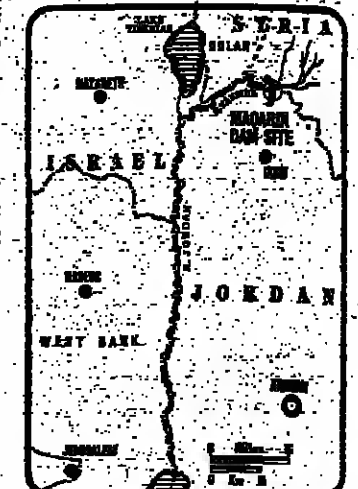
many of the world's biggest concerns, such as Balfour Beatty, Costain and George Wimpey of the UK, Philip Holzmann, Held and Francke Polensky, and Zollner of West Germany, Fongorle and Compagnie de Constructions Internationales of France, Dravo Corporation and J. A. Jones and Brown and Root of the U.S. The dam itself will cost around \$650m, and will require at least five years to be built. Contract awarding is expected to take place early next year.

The allied pressure irrigation network, designed by Dar al Handasah consultants (Shair and Partners), will cost some \$200m, while the north Jordan domestic water project is estimated to cost \$350m.

While these large schemes are being put in place in the valley north of the Dead Sea, the JVA is starting to shift its focus to a second, potentially enormous development scheme in Wadi Araba, the 200km-long southern extension of the valley, between the Dead Sea and the Gulf of Aqaba.

Present work there relies on water from rivers, which would otherwise follow into the Dead Sea.

The Maqarid Dam project, which is at the heart of the valley's future development, also incorporates a delicate political dispute about the



rights of Israel to a share of Yarmuk River waters. The Yarmuk flows from Jordan into northern Israel, where it is diverted to feed the Israeli national water carrier and to irrigate the Yarmuk triangle area south of Lake Tiberias. According to international legal precedent, Israel is entitled to 25m cubic metres a year of Yarmuk waters, which it has been receiving via the natural flow of the river.

But the U.S. Congress has refused to release its \$150m in aid for the Maqarid Dam until the question of proprietary rights is settled.

## Spanish companies sign contracts for Iranian oil

BY PATRICK COCKBURN IN TEHRAN

IRAN has signed two new agreements with Spanish companies for the supply of 27,000 barrels a day of oil, and there is an unconfirmed report of a further contract for 30,000 b/d. This would bring total Spanish imports to 89,000 b/d.

As three Spanish companies—Cepsa, Hispanoil, and Petronor—are already taking 32,000 b/d from Iran, the new agreements will make Spain the largest importer of Iranian crude after India and Romania.

Petromed, which has been negotiating for several months in Tehran, will take 17,000 b/d and Union Explosivos Rio Tinto 10,000 b/d under the agreements signed last week.

Cepsa is believed recently to have signed for an extra 30,000 b/d on top of its original contract. Another Spanish company, Petroliber, is also having talks with Iran on the purchase

of 10,000 b/d.

The contracts are for six to nine months, and the price is \$35 to \$36 a barrel, which is Iran's official price. In spite of claims by Mr. Ali Akbar Molinari, the Iranian Oil Minister, that exports will increase 1m b/d from the beginning of next month, the present total is only 650,000 b/d.

The Spanish Government is somewhat embarrassed by the enthusiasm of its oil companies and exporters to enter the Iranian market, despite a commitment by Spain to go along with EEC sanctions.

The difficulty which Iranian importers are having in opening letters of credit in EEC countries because of the attitude of the Central Bank in Tehran is tending to benefit non-EEC European states, such as Spain, Switzerland, Sweden, and Austria.

## Manila power plant bids to open soon

MANILA — Bids will be opened on July 11 for construction of a coal-burning power plant estimated to cost \$400m (£172m) the State-owned National Power Corporation said, the Asian Wall Street Journal reports.

Mr. Gerolmo Velasco, the Energy Minister, said that the plant in Batangas Province, is designed for a capacity of 300 megawatts, but could be expanded to 600 megawatts if coal supplies can be assured.

The company said nine foreign companies have "pre-qualified" to bid on the contract, which calls for all construction from foundations to the plant's link-up with the local power grid.

Mr. Velasco said the power plant is to begin operating by 1983. —AP-DJ

## Fokker aircraft may be assembled in Japan, U.S.

BY CHARLES BATCHELOR IN AMSTERDAM

THE 130-seat F-29 jet, designed by Fokker may be assembled in Japan and the U.S., as well as in Europe. Production of the complete aircraft is expected to take place in more than one centre, Mr. Frans Swartouw, chairman of Fokker said.

No major changes in the basic design of the aircraft will be made, and Fokker hopes to decide by next June whether to go ahead with the project.

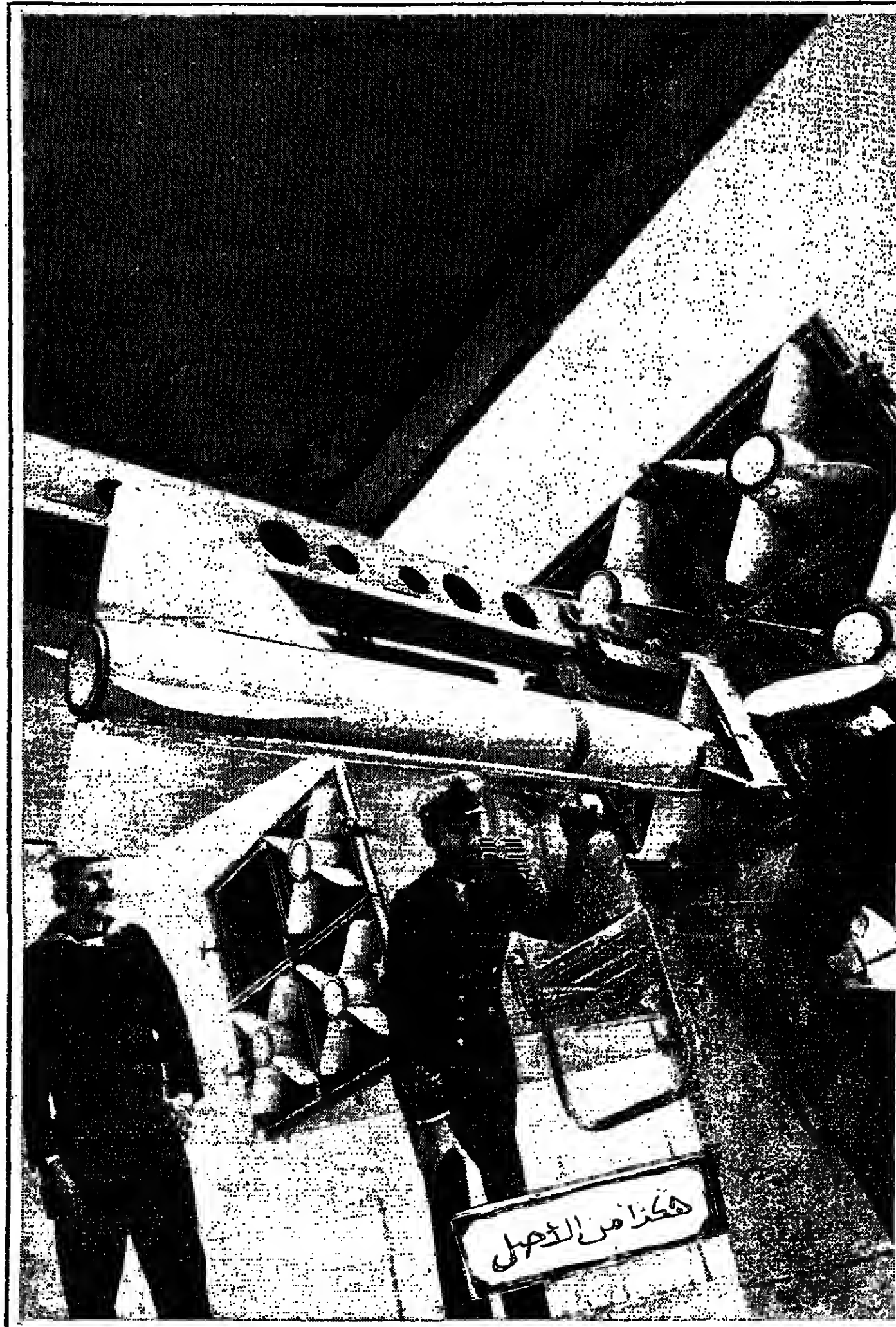
Fokker has an agreement with Boeing to use the fuselage cross-section, which has been built by the U.S. company for its 787 airliner. It is also holding talks in Japan with Government agencies, the joint industrial and Government foundations, and three companies—Fujitsu, Kawasaki, and Mitsubishi.

In Europe, Fokker is negotiating with the Airbus consortium, although both groups have approached the

Japanese with plans for new aircraft in the same segment of the market.

Co-operation of this kind will spread the financial as well as political risks, Mr. Swartouw said. The armament of the fuselage against the dollar, on which currency aircraft sales are based, means that a company producing in Europe alone would be very vulnerable to competition.

Market surveys have led to the F-29 becoming a much larger aircraft than was first planned, and a 160-seat version may yet be developed. The design details include placing of the engines under the wing, rather than on the fuselage, and the use of a "super critical" wing offering good fuel economy. The F-29 is expected to fly in late 1985. Development costs will be between \$60m and \$70m.



## NATO Seasparrow: proof that international cooperation provides effective defense.

Standardization, interoperability, co-production... key words in the corridors of NATO these days. Actually, one of the most successful co-operative international defense programs was launched more than 10 years ago... and continues to this day: the NATO Seasparrow Missile System. With Raytheon as overall systems manager, the program has included Belgium, Denmark, the Federal Republic of Germany, Italy, the Netherlands, Norway, and the United States. It has progressed smoothly through joint development and co-production.

Now a large and growing number of ships carry the NATO Seasparrow Missile System, giving them the capability of successfully defending against attack by hostile aircraft or missiles.

This is just one way Raytheon is involved in cooperative defense programs. Raytheon heads up an international effort involving firms in four NATO nations to produce the Improved Hawk air defense system.

Raytheon is also providing technical assistance to a European consortium led by the Federal Republic of Germany that will produce the Sidewinder short-range, air-to-air missile.

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## UK NEWS

BASS CHALLENGES THE VODKA MARKET. GARETH GRIFFITHS REPORTS

# Move to improve spirit sales in competitive market

BASS'S DECISION to launch its own nationally marketed brand of vodka in October reflects the industry's confidence in the vodka boom while attempting to improve the company's disappointing performance in wine and spirits.

Since the early 1970s Bass has been involved in marketing Vladivar vodka with the Warrington brewers and distillers. Greenall Whitley, Bass scrapped its own brand, Imperial, to stock Vladivar, which had reached second place in the brand popularity stakes by 1980—aided by a skilful advertising campaign and a strong regional base in the north-west.

Vodka sales have boomed since the mid-1960s when the drink finally managed to lose its "firewater" image. Ironically, perhaps, the major influences on British vodka consumption, have come not from Russia, but the U.S.

The 1960s boom was underpinned by three factors. It was a period when young consumers, freed from depending on their parents for financial support, wanted to spend on experimental drinks for which vodka is the ideal drink, being relatively bland, a good base for mixers and a lower alcoholic proof than other spirits.

Second, the success of vodka advertising in combining visual humour and fantasy with the message that vodka was an exciting drink. Individual advertising campaigns by the companies are still cited as being among advertising classics.

Third, vodka benefited from the general consumer switch to blander, more colourless drinks resulting in a vodka growth rate of between 15 to 20 per cent per

annum over the past five years. In the year ending February 1980, total vodka clearances in the UK came to 3,965,000 cases, according to Customs and Excise figures, compared with 2m in 1974.

The four leading brands dominate the £800m per year market controlling between them more than 90 per cent of total sales but the market leader, with more than half total sales, is the 2m-case-a-year Smirnoff, owned by International Distillers and Vintners, part of the Grand Metropolitan group.

Greenall Whitley claims Vladivar to be the second most popular brand with a 20 per cent share of total vodka sales—although other industry esti-

**In the decade since vodka lost its "firewater" image, four brands have dominated the market. A fifth competitor has now issued a challenge**

mates put it at about 15 per cent—but it probably has a slight edge over the third brand, Cosack, which takes about 14 per cent.

Cosack, owned by the Distillers Company, has a distribution agreement in Scotland with Scottish and Newcastle Breweries. Scotland is the strongest vodka market in the UK, with 80 per cent of vodka sales taking place in pubs.

The fourth leading brand is the Romanoff, controlled by Allied Breweries and Whitbread, at

about a 12 per cent market share. Other brands are mainly own-label, produced for supermarket chains, cheap sub-norms, or premium priced imports from Eastern Europe, all of which have a limited appeal.

With fierce competition between the brand leaders, the vodka market is swayed by advertising and promotional campaigns. The manufacturers suggest that pricing is important, although vodka is generally sold at between £5 and £8 a bottle.

As public houses and clubs account for 60 per cent of vodka sales, price is a more important issue in the off-sales outlets where sales are 40 per cent and increasing.

Thus the vodka market presents a picture of a classic oligopoly. Industrial analysts argue that the high costs of advertising and the need for distribution raised insuperable barriers for new companies entering the industry.

Bass's decision to launch a new brand that will compete across the board with the four leaders comes as a surprise to the industry but discussions between Bass and Greenall Whitley took place for some months before news of the decision broke.

Hedges and Butler, the Bass wine and spirits subsidiary, who will handle the new Bass vodka, has come under criticism for its performance in the past. Bass, in its half year figures in May, said the results for its hotels, wine and spirits division were below expectations.

Bacardi Rum, Hedges and Butler's prize asset, topped its sales last year, but there are now strong indications the white rum market is dropping making Bacardi's future limited.

To build up its operations the company has also launched a new range of French, Italian, German and Spanish wines but vodka is still seen as the main growth area. Vodka's share of the total British spirits market has more than doubled in the past 10 years, from 6 per cent in 1970 to 13 per cent in 1980.

Several million pounds on advertising and promotion will have to be spent by Bass in order to launch its vodka. In opting for competing across the board, Bass will have to make strong efforts in off-trade sales as well as in its guaranteed market in the 8,500 Bass public houses and Great hotel chain.

## Largest share

With a pre-tax profit of £50.1m in the first half year end the largest brewery share of the beer market Bass can afford to spend lavishly on the promotional drive for the new vodka, planned to be on sale in October.

The total loss from the Bass connection Greenall Whitley executives privately put to their company is around 100,000 cases per year and Greenall Whitley will spend £750,000 this year on promotion for Vladivar. Publicly it is saying the Bass move is a healthy step for the overall market.

While there is a demand for it Vladivar will still be stocked in Bass pubs. Bass has a similar deal with International Distillers and Vintners over Smirnoff. But there seems little doubt that Vladivar will be squeezed out of the Bass market by the Bass publicans who will stock the Bass vodka as their preferred brand.

## New oil vessel 'basis for exports'

By Ray Perman, Scottish Correspondent

BRITISH SHIPBUILDERS hopes to use expertise gained in building a £60m emergency support vessel for British Petroleum to secure a large share of the expected increase in demand for semi-submersibles.

Mr. John Parker, Board member for marketing, said yesterday the BP vessel, now half-completed at the Scott Lithgow Yard, Port Glasgow, was regarded as a prototype.

The vessel, built on 200-metre-long pontoons, will have fire-fighting, diving and workshop facilities, a 100-tonne crane and helicopter deck.

It is the most advanced structure being built at a British shipyard. After its launching next summer it will be used to deal with emergencies on North Sea oil fields.

"We certainly believe now that the technological expertise we have developed in British Shipbuilders will enable us to bid for a much stronger base for semi-submersibles," Mr. Parker said.

The shipbuilding corporation expects the oil company move into deeper waters to lead to demand for floating production platforms, drilling, maintenance and accommodation rigs and personnel carriers.

Mr. Basil Butler, managing director, BP Petroleum development, said there would be a demand from the British, Norwegian, Dutch and Irish offshore sectors for a new type of semi-submersible.

## BP chairman warns of risks to world oil trade

BY RAY DAFTER, ENERGY EDITOR

SIR DAVID STEEL, chairman of British Petroleum, told energy economists in Cambridge yesterday that the international oil trade had become more risky than ever, except in time of war.

Sir David said at a conference of the International Association of Energy Economists at Churchill College, that traders and importing refiners were at risk because of sudden price movements.

"Since refiners' margins in many countries are restricted by price controls, I am afraid that the number of refiners, at least the scale of their operations, will diminish."

There were risks for oil producers too, he said. Many of the oil exporters were countries with small populations, few other resources and limited technological capacity.

"Their independence and progress depends on the political balance and prosperity of the world outside their borders. How far is that balance being upset by successive oil crises?"

Sir David said that oil trading channels were becoming more diversified. Governments were becoming more directly involved in the sale of oil and were increasingly selling to other governments. "Bilateral trading, between governments notoriously introduces rigidity and inefficiency into the distribution system."

Some governments, notably those of developing countries, appeared to have obtained cheaper oil, while others—particularly in industrialised countries—were paying more for them. Some governments could organise commercial packages which linked oil imports and industrial exports.

"If that is the way in which some of the exporters are determined to do it, that is the way their trade will tend to be. It could be better to have inefficient, inflexible and costly international trade than no international trade at all."

Sir David said that the risks inevitably enhanced the value of indigenous supplies of energy

which were not affected by the international trade. Britain had an advantage in this respect. "But here again, oil companies faced the risk of rising taxation and politically motivated changes in operating conditions."

"We take risks in the expectation of reward. Our readiness to do so becomes eroded if those expectations are repeatedly disappointed because fiscal action, price control or other government intervention comes between the risk we take and the reward we expect."

Dr. Chaudhury, vice-chairman of the U.S. Electric Power Research Institute, added that the industrial nations' future dedication to using technology resources could ensure that the world avoided a severe energy shortage.

Limited expectations lead to policies of retrenchment and cost-cutting. Investments, thus, making the supply of oil, perhaps more abundant, but limited expectations destroy the image of a better future, so essential to motivate our social institutions."

## Sugar confectionery industry 'in decline'

BY GARETH GRIFFITHS

LONG-TERM decline and considerable rationalisation and retraction is forecast for the UK sugar confectionery industry in a survey published today.

Jordan's, which carries out industry-by-industry surveys, says of the confectionery industry that the sugar side could be suffering from a high level of overcapacity. It has traditionally been a high-volume low-value sector, and manufacturers have had a poor record of product innovation.

Mr. Tim Potter, an analyst with stockbrokers Vickers Da Costa, says the sector will continue its long-term decline compared with the chocolate side. The value of chocolate output was £1,000m last year, against £567m for sugar confectionery. Sales of sugar confectionery have done particularly badly in the current recession, although usually chocolate sales have been hit harder.

The report suggests that companies are likely to put more emphasis on labour-saving machinery for processing, packaging and wrapping. The present lay-offs and short-time working will provide an opportunity for downward reappraisal of future employment requirements. The confectionery industry has been labour intensive, with a high

proportion of women and part-time workers.

The number of sugar confectionery manufacturers is predicted to fall, in view of strong pressures on keeping costs down. Generally, the report says, the confectionery industry, particularly the chocolate side, should see some sales recovery in the next six months.

**Report urges college merger**

CATHOLIC AND Protestant teacher training colleges in Belfast should be amalgamated, said a government report published today.

The report of a study group headed by Sir Henry Chilver, the Vice-Chancellor of the Cranfield Institute of Technology, suggested that links between teachers and teachers of different religions could improve Ulster community relations.

The two Roman Catholic teacher training colleges in the city should be amalgamated with the two state-run Protestant institutions at Stranmillis College, but each college ought to retain much of its own autonomy.

## Security in Ulster stepped up

THE ARMY and police in Northern Ireland tightened security in several areas.

The army confirmed yesterday that they have started to block off small cross-border roads in Co. Fermanagh. This move is partly intended to defeat a rally planned by unionist leaders to protest against the number of killings by Provisional IRA terrorists in the border area.

If it is thought 5,000 mainly Protestants will turn out for the march in what is a Republican heartland.

All leave for the Royal Ulster Constabulary has been cancelled for the visit of the Duke and Duchess of Kent, who are visiting Northern Ireland in connection with the tenth anniversary of the Ulster Defence Regiment.

The UDR is one of the largest battalions in the British Army with nearly 9,000 part-time and full-time members. It is made up mostly of Protestants.

The Duke's visit comes when Mr. Humphrey Atkins, the Secretary of State for Northern Ireland, has asked for an improvement in security. The long-awaited Green Paper on political devolution in the province is due for release later this week.

## CONTRACTS

### £7m Rolls-Royce engine order

ROLLS-ROYCE has a £7m order for RB-211 Dash 524 engines for a Lockheed TriStar ordered by Gulf Air. The order brings Rolls-Royce's total order book for engines to over £1.9bn, with the RB-211 dominating the civil engine programme and the RB-199 for the Tornado dominating the military programme.

Companies within the LONDON AND NORTHERN GROUP have been awarded contracts worth around £8.5m. C. A. Blackwell (Contracts), based in Essex, has received contracts valued at around £7.5m, one of these being for the landscaping of a waste disposal site for Workingham District Council, in which over 3m cubic metres of material will be dealt with. The other contracts are the Southern Access Road, Ely Section, Cardiff, where the main contractor is Davies Middleton and Davies of Cardiff, and the A120 Colchester Eastern and Elmstead Market bypass, where the main contractor is Costain Civil Engineering. Border Engineering Contractors has won contracts worth more than £560,000 for refurbishment works for the Provincial Building Society at Morecambe and office and factory extensions at Cleator Moor for the English Industrial Estates Corporation.

The first major contract for Shell-Esso's natural gas and petrochemicals complex at Moss morran, Fife, has been awarded to the Glasgow construction group, F. J. C. LILLEY. The order, worth £8m, is for the construction of roads, drainage and foundations and was placed by Ralph M. Parsons, the managing contractors. Work will start shortly and take about 18 months to complete. A second larger contract of around £20m for storage tanks and associated earth work will be awarded shortly. Six companies have tendered and it is expected that the order will be won by a UK firm.

KIMBELL CONSTRUCTION, the Northampton-based civil engineers and building contractors has received contracts worth more than £3m. Public sector orders include: Surface water drainage at Long Sutton for South Holland District Council acting as agents to the Anglian Water Authority (£420,000) and two road and sewer contracts for Milton Keynes Development Corporation (£340,000). Private sector work includes: workshop and office extensions for Vales Plant

at Rickmansworth (£111,000) and Moss Motors of St Albans (£180,000).

A contract worth nearly £3m has been awarded to BRITISH RAIL ENGINEERING to build 100 bulk cement wagons for Blue Circle Industries. The wagons, to be built at BREL's Ashford Works in Kent, will be used for the conveyance of bulk powdered cement from Blue Circle Works at company rail depots throughout the country. The wagons will be of the two axle type with a gross laden weight of 31 tonnes and will incorporate aeration equipment for rapid pressure assisted discharge of the 37 tonnes payload.

SOFTWARE SCIENCES has won a £2m contract for the turnkey supply of the Merseyside Police command and control computer system—one of the largest of its type to be undertaken in the UK. The system will link the Merseyside Police divisions to headquarters with a computer-based exchange and distribution of information. A prime aim is to assist operations room staff to despatch the most appropriate resources to emergency incidents and then to monitor activity.

HEAD WRIGGERS TEES DALE, a Davy Corporation company, has won a £1.58m order for fabrication of 82 aluminium reduction cell shells for the British Aluminium Lochaber smelter modernisation at Fort William. The cells, each weighing 27 tonnes, will measure around 5 metres wide x 16.25 metres long x 1.75 metres high and will be manufactured from mild steel. The order was placed by Ralph M. Parsons Company, the managing contractors acting on behalf of the British Aluminium Company.

Nabisco are to install a new bulk ingredients intake, weighing and distribution plant at their Woodgate biscuit factory in Leicester worth around £620,000. It will be supplied by SIMON FOOD ENGINEERS, Stockport. The new facilities will incorporate the pneumatic intake, silos for the bulk storage of flour and sugar, sugar grinding equipment, pneumatic conveying lines and a central automatic weighing and proportioning system. HAWKER SIDDELEY POWER ENGINEERING'S industrial division based at Sutton Coldfield, West Midlands, has secured a contract valued at over £500,000 to supply electrical equipment to the United Republic of Tanzania. The contract, awarded by the

Tanzanian Electric Supply Company, involves switchgear, transformers, cables and associated equipment for a 10 MW diesel generating station. The project will be located at Mbeja in the south west region of Tanzania.

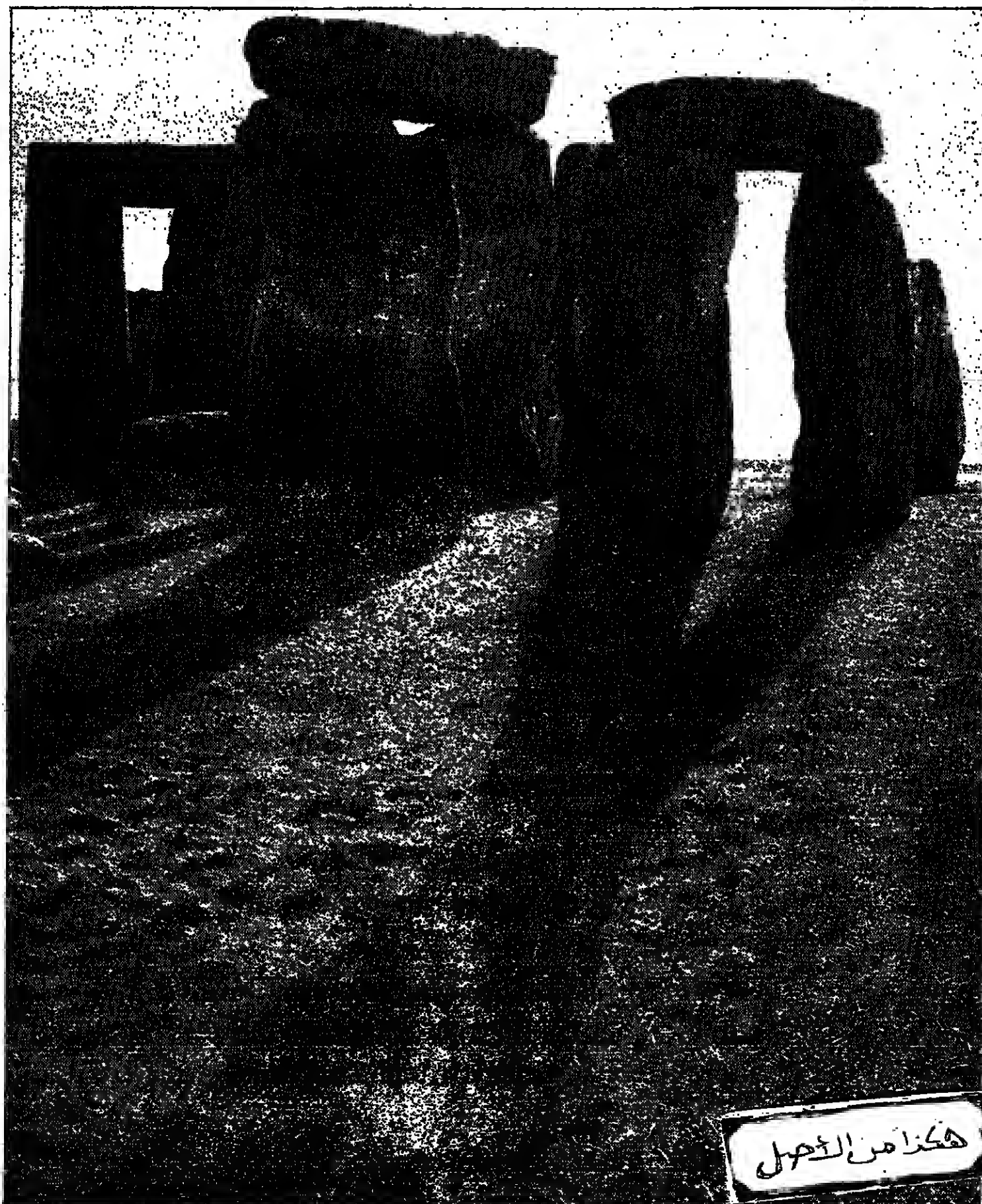
The development and manufacture of a unique 6/12 tonne modern to transmit low-speed teleprinter signals or data over RF radio links is being undertaken by RACAL COMMUNICATIONS under a contract from the Ministry of Defence worth around £750,000. The Foreign and Commonwealth Office, the Army and the Defence Communications Network will be among the users of the equipment. The modern will be a multi-frequency shift-tone modulator giving a low error-rate under conditions of poor signal-to-noise environments and multipath propagation. It will operate as a simplex or duplex modes on ITA2 or ITA5 codes giving either 50 or 75 bauds.

The Telford division of ADAMSON BUTTERLEY has won a contract worth around £500,000 for two magnetic scrap handling cranes featuring damage to rail wagons during loading and unloading. The cranes, both of 15-tonne capacity, will handle up to 16,000 tonnes/week mixed steel scrap at Dupont Steels of Llanelli, South Wales. Both cranes, each of 26 metres span, will unload rail wagons and stockpile and reclaim scrap in the ladlehouse scrapyard. Lifting is by a 2 metres diameter round magnet attached to the crane by means of a special bottom block that is reeved on to a hoist-barrel by means of a limited swing rope reeving system.

An order for waste heat recovery steam turbo-generating sets worth nearly £500,000 has been awarded to PETER BROTHWOOD by the Norwegian shipping company Leif Hough. The 4,900kW steam turbo-generating sets will be installed in four new 76,000 dwt OBO carriers to be built at Hyundai shipyard in South Korea.

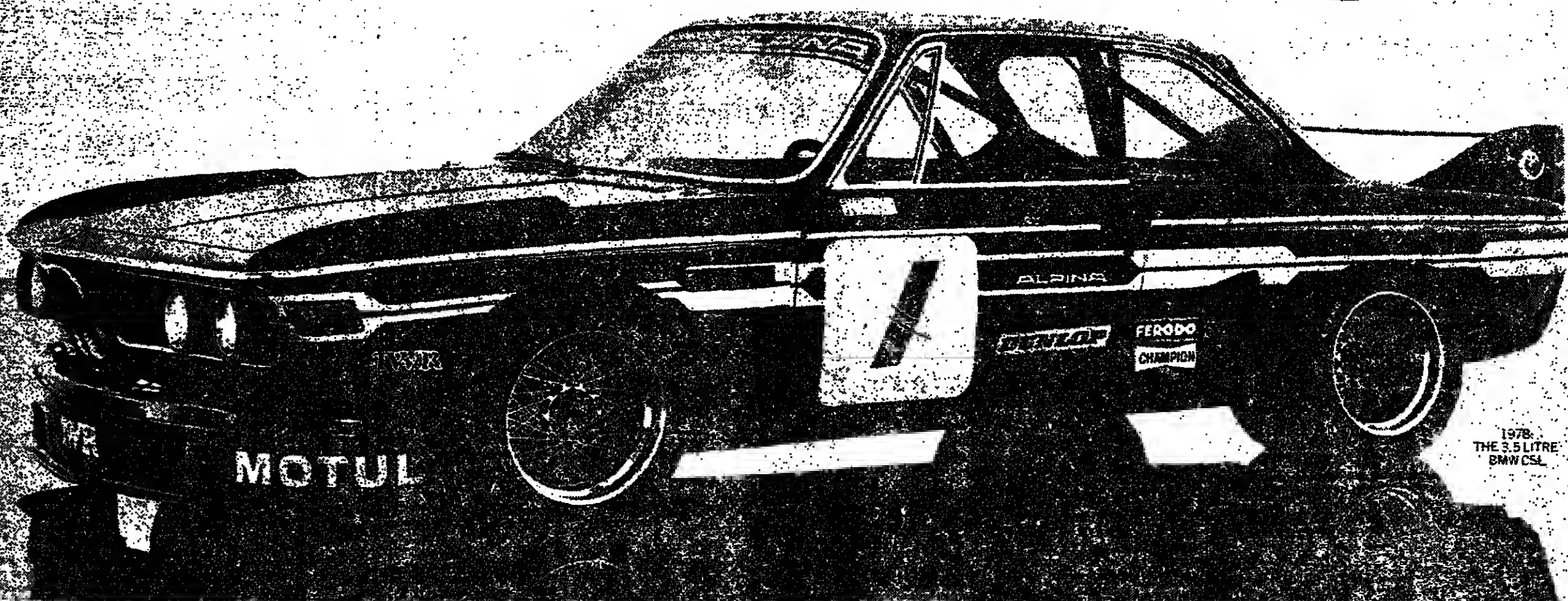
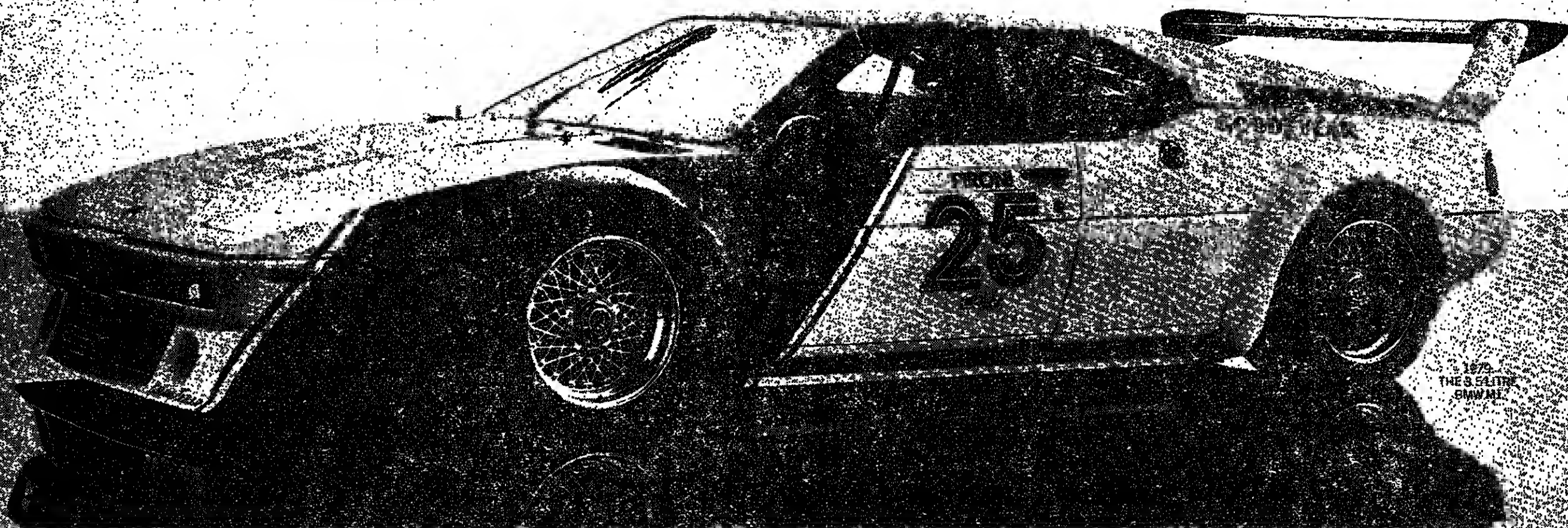
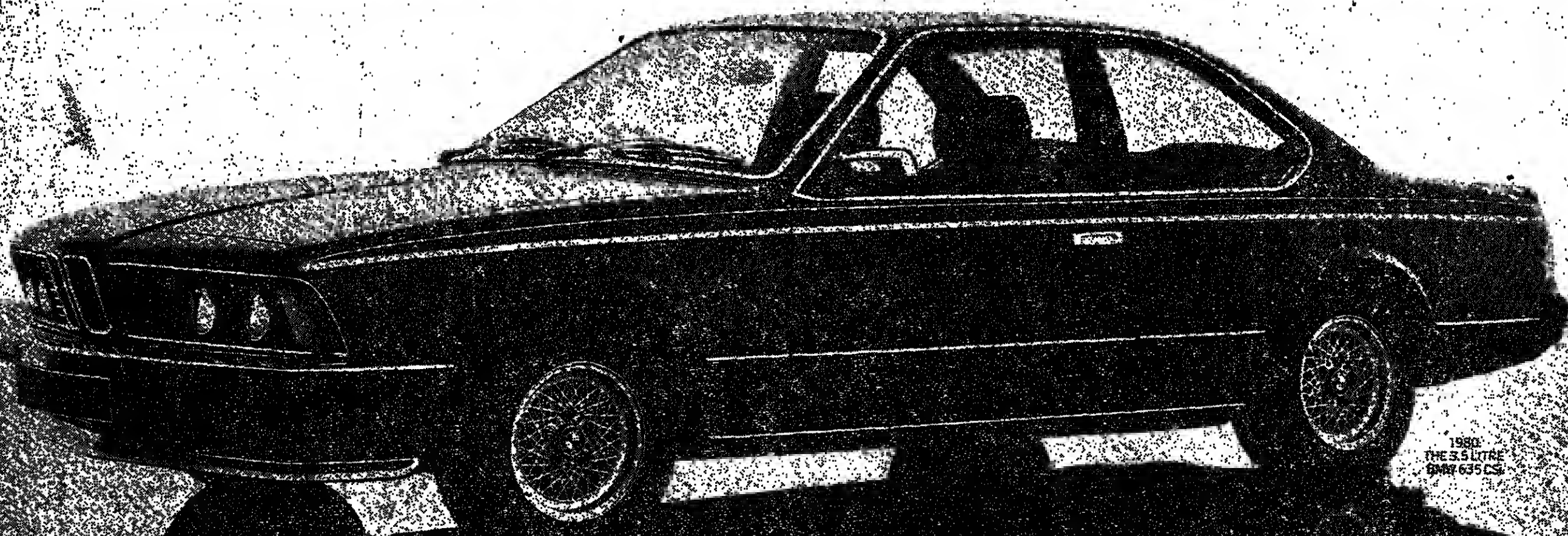
KEARNEY AND TRECKER MARVIN of Brighton, has been awarded a £400,000 order to supply a machining system to process cylinder heads for Austin Morris. The 100 parts per hour gross capacity system will machine cast iron heads for the "A" Series engine which will power the Mini Metro due to be launched at the 1980 Motor Show.

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## BMW's RACING ENGINE IS NOW AVAILABLE TO A WIDER PUBLIC. BUT NOT MUCH WIDER.

The engine in question has quite a pedigree.

In the CSL coupé it helped BMW win the European Touring Car Championship four years in a row.

It was a performance, however, only really appreciated by racing drivers like Nikki Lauda, Jackie Ickx and Hans Stuck, who discovered how, with this engine, they could beat even 5 and 7 litre rivals.

Then, for the M1 racing car, the engine was developed still further. So, ultimately, it could produce 800 bhp from its six cylinders.

It first raced last year in the Pro-Car Championships. But, again, this was a

pleasure restricted to racing drivers like Clay Regazzoni, Nelson Piquet, Jacques Lafite and Alan Jones.

It seemed, however, that it was selfish to restrict such an engine just to the race track.

So a 140 mph road version of the engine was developed for the 635 CSi coupé.

And its high speed performance is now accompanied by a remarkable low speed docility. If asked to, the vehicle will trickle along without protest at 1500 rpm in any gear, and then pull away cleanly and strongly as soon as you open the throttle.

But its racing origins clearly show

when the car then is flicked, flat-out in second or third, through S-bends so close and difficult that they demand the very best of car and driver.

The 6 Series Check Control System ensures that the car is able to give exactly that: just press the test button before you drive off and seven key functions of the car are electronically checked.

As for the driver, this BMW's biomechanical design makes the most of his skills.

The driving position, for example, can be optimised by adjusting the seat for height, tilt, reach and rake.

And the controls and instruments are carefully sited to minimise the time gap

between reaction and action.

All in all, rather than being a coupé version of a saloon car, the 635 is very much a car bred directly out of BMW's race track experience. (Witness the fact that a 635 has already won the first rounds of the 1980 European Touring Car Championship at Monza and Vallelunga.)

Alas, it's an experience no more than 595 people in Britain will be able to enjoy in 1980.

Our apologies: but we can't make our 635 CSi any faster.



**THE ULTIMATE DRIVING MACHINE**



## UK NEWS

Industry  
in talks  
on aid  
for cities

BY ROBIN PAULEY

SENIOR executives of some of Britain's leading companies will meet Mr. Tom King, Local Government Minister today to discuss the possibility of private investment to help regenerate declining inner urban areas.

Mr. King is anxious for British companies to follow the example of some leading American companies which have invested billions of dollars in city regeneration in recent years.

American companies can claim all inner city contributions as tax-deductible on the same basis as payments to charities, hospitals, orchestras and universities — but no such facility exists in Britain. The Treasury is understood unofficially, however, to have agreed to look at the possibility "positively and not unenthusiastically."

BP might pay as much as £1bn in petrol revenue tax this year. If some of it were channelled into an urban revival scheme, it could make a significant contribution.

Companies to be represented at today's meeting include BP, Prudential, Shell, IBM, BOC, Pilkington's, Marks and Spencer, GEC and the Industrial and Commercial Finance Corporation.

The meeting is being held because Mr. King was sufficiently encouraged by the British response to the idea at a private seminar organised by the Environment Department in April at Sunningdale. The proposal was discussed by British and American executives.

But the British delegation felt the Americans had tended to preach without fully considering that the considerable tax relief available in the U.S. did not exist in Britain.

American companies at the conference included: Bank of America, Control Data Corporation, RCA, and General Motors.

The idea of joint civic action to regenerate a derelict area prompted General Motors and Ford to finance the Detroit Renaissance Centre, a complex of offices, shops and hotels in a run-down part of the city.

## Decision on tank project in August

BY LYNTON McLAIN

URGENT DECISIONS on Britain's strategy for buying battle tanks for the 1990s—possibly involving a £250m programme by 1985—are to be taken by the Government in the middle of August.

This was made clear by Ministry of Defence officials at the third British Army Equipment Exhibition which opened at Aldershot yesterday.

The Government has to decide whether to capitalise on the research involved in the £1bn order for British Shtr II tanks, cancelled by Iran when the Shah

was deposed, by building the proposed "Challenger" version. A second option is to go ahead with a full programme for a completely new tank-MBT 80—but this would not be ready for some years.

The Government could go ahead with both schemes but on a limited basis. This would maintain Britain's battle tank designing and building capacity, aid employment in Britain's heavy arms factories, especially at Vickers Defence Systems on Tyneside, where workers are desperately short of work, and bridge the gap caused by the

expected obsolescence of Britain's Chieftain tanks in Europe.

The Challenger is specifically designed to suit terrain in Europe, and if the Government gives the go-ahead, up to 250 Challengers costing up to £1m each could be in service alongside existing Chieftain tanks by 1985.

Sir Hugh Beach, Master General of the Ordnance, and the man responsible for buying British tanks, said at a preview of the arms exhibition yesterday that the proposed Challenger would represent a "quantitative

and qualitative" increase in Britain's tank commitment in Europe. The Challenger was a "very significant improvement" over the Chieftain which had problems of reliability.

The new tank would be fitted with the 1200 hp Rolls-Royce engine fitted to the Shtr I tank—subsequently supplied to Jordan as the type 4030, after the Iran cancellations. But unlike the tanks for Jordan, the Challenger would have British Chobham compound armour and would have its suspension modified to suit conditions in Europe.

The more advanced MBT-80 tank is still at the research and development stage and any Government decision to go ahead with a prototype could not be taken without substantial additional investments.

When the Government makes its decision it will also have to take account of the future of the proposed Shtr III tank design—now only a "conceptual development" of the Challenger—and the possibility of joint collaborative projects with its allies on the next generation of battle tanks.

## Britain has 5% of world arms market

BY LYNTON McLAIN

BRITISH COMPANIES have 5 per cent of this year's £24bn world market for military equipment — and the UK share is growing, said Sir Ronald Ellis, head of the Government's defence sales organisation.

He was speaking yesterday at a preview of this week's British Army Equipment Exhibition at Aldershot. He said that the low figure was because Britain tended to "keep tight control of where the exports went."

Two hundred British companies are showing their wares at the exhibition which is

expected to be visited by 400 military guests from 90 countries.

Sir Ronald said that the U.S. and the Soviet Union had cornered 70 per cent of world sales of military equipment and without shows like the Army Equipment Exhibition, Britain would "rapidly lose its market share to these and other countries, including France."

British exports of military equipment were £600m in 1976, when the first British Army Equipment Exhibition was held. By 1978 it was more than £1.1bn,

although inflation accounted for a large part of the increase.

Sales of at least £1.2bn are expected this year, says the Trade Department. This represents almost a quarter of the total of £5bn of arms and equipment orders placed by the UK Government — and overseas governments.

However, the Customs and Excise, in figures published last week, identified only £392.8m of arms sales for export last year.

Warships, including hovercraft, topped the list, with identifiable sales of more than

£80m. Ammunition came second with sales of more than £76m, followed by armoured fighting vehicles at £53m and guns, small arms and parts at £52m.

The Middle East and North African countries dominated sales last year with identifiable imports from Britain of over £126m, followed by NATO members and other Western European countries.

Marconi and Racal Electronics were Britain's top military equipment exporters last year. In a survey of the

top 60 British military equipment manufacturers these two companies accounted for 37 per cent of total private sector sales and 69 per cent of total private sector pre-tax profits.

The survey showed that average profit margins rose from just under 9 per cent three years ago to more than 10 per cent last year.

The sales growth in the first half of the three-year period was 20 per cent, and 23 per cent in the second half. Fourteen companies showed sales growths of more than 25 per cent.

Dust victims  
must claim  
by July 3

COMPENSATION claims under the Pneumoconiosis (Workers' Compensation) Act 1979 should be made by July 3, the Department of Industry said.

The people concerned are those first awarded disablement benefit before the Act came into force on July 4, 1979, and dependants of sufferers who died before then.

Falkirk tunnel  
remains closed

Falkirk high tunnel on the main Edinburgh-Glasgow inter-city rail line is to remain closed for a further four months while additional engineering work is carried out. The present temporary passenger timetable will remain in operation.

## Role for industry in defence

BY DAVID FISHLOCK, SCIENCE EDITOR

A GOVERNMENT inquiry into Britain's £1.5bn defence research and development programme has concluded that two of its 12 defence research establishments should be managed by industry.

The two establishments are the National Gas Turbine Establishment at Pyestock near Farnborough, and the Propellants, Explosives and Rocket Motor Establishment with laboratories at Westcott near Aylesbury and Watlington Abbey in Essex. Between them the budgets of these establishments will total more than £20m this year.

The laboratories are part of the procurement function of the Ministry of Defence and primarily involved in project support for the two biggest sectors of the British aerospace industry, Rolls-Royce and British Aerospace.

The government inquiry, begun last year, has been headed by Lord Strathcona, Minister of State for Defence.

Consultative documents on the government's proposals for their transfer to industry of the two establishments are shortly to be sent by the Ministry of Defence to the industries and trade unions involved.

The proposals are in line with recent Defence Ministry efforts to strengthen the innovative function of the government's defence research and development effort.

The customer-contractor principle on which defence R and D has been run during the 1970s has tended to concentrate the scientific effort on relatively short-term targets. The government expects to spend £457m in its own R and

D establishments this year, of which salaries and wages will account for £242m.

Nearly two-thirds of the technical effort of these establishments is now devoted to project support, an activity in which both the government and industry believe industry's role should be strengthened. At the same time such moves are expected to speed up the transfer of developments from the research establishments into industry.

It is estimated that about half of the R and D programme of the National Gas Turbine Establishment is directly in support of Rolls-Royce, with the balance spread among a large number of small activities. The laboratory maintains major facilities for engine testing, complementary to those of Rolls-Royce itself.

'Tied' petrol  
inquiry urged

MR. JOHN FRASER, Opposition Frontbench spokesman on Consumer Affairs, yesterday called for investigation under the Competition Act of a trading practice which prevents filling station tenants and licensees "shopping around for the cheapest petrol."

He said many oil companies have sole delivery arrangements for petrol and lubricants.

"These tied trading arrangements need breaking, particularly at a time when oil prices are rising and an increase in the world price of oil seems to be reflected in the price at the pump almost immediately."

Mrs. Sally Oppenheim, Consumer Affairs Minister, told him: "I share much of the concern and I have made clear my concern to Mr. Gordon Borrie, the Director-General of Fair Trading."

White Motor trucks  
will be assembled  
on Merseyside

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

ASSEMBLY OF heavyweight trucks from White Motor, of the U.S., will start in Britain in September.

A new private company, White Truck Concessionaires, has leased a 27,000 sq. ft. factory at Bromborough, near Ellesmere Port on Merseyside, and plans to produce around 150 right-hand-drive White trucks in the first year which should give it more than £4m sales.

Mr. Stuart Oates, managing director of Concessionaires, hopes eventually to build left-hand-drive White trucks for Continental customers. "The Americans are showing great interest in that idea," he said.

White Motor is one of the smaller U.S. truck makers with annual sales of more than \$1bn. Using the Autocar and Western Star marks it produced about 12,500 vehicles last year.

White has been giving technical assistance to concessionaires in the assembly of the truck's cab. The truck, the Road Commander 2, is made from aluminium which has to be spot welded and sealed with a special sealant needing controlled oven curing. British Federal Welder and Machine Company, a Laird group subsidiary, is working with White and Concessionaires on these unusual techniques.

Fifty jobs will be created by Concessionaires, rising to 100 at the end of the first full year of assembly.

So far five UK dealers have been signed up, with a target of 15 by this time next year.

Concessionaires are being encouraged by the Americans to use as many locally produced components as possible which could mean an immediate demand for tyres, batteries, glass, trim, brake parts, springs and some electrical fittings.

Lloyd's investigation  
biased, court told

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

A MEMBER of a Lloyd's committee investigating complaints against underwriter and broker Mr. Christopher Moran may have been biased against him, the Court of Appeal was told yesterday.

A High Court judge has held that there is a "triable issue" on the question of possible bias, but refused to grant Mr. Moran an injunction stopping Lloyd's continuing disciplinary proceedings against him.

Mr. Moran is to appeal against the refusal. Lloyd's is cross-applying against the finding on the bias issue.

Asking for the appeal to be expedited, Mr. Peter Scott, QC, told the appeal court that the first stage in a Lloyd's disciplinary procedure was a preliminary inquiry by an ad hoc committee—known as a Reta Committee.

On the basis of that committee's report, Lloyd's decided whether or not to initiate disciplinary proceedings by way of an arbitration.

The member complained of had been guilty of grave misconduct, the matter would go to a meeting of Lloyd's at which the member could be expelled.

Mr. Scott said that as a result of the Reta Committee's report on complaints against Mr. Moran, Lloyd's had "decided" to start disciplinary proceedings against him.

It was public knowledge that the charges against Mr. Moran existed, but the details had not been broadcast, Mr. Scott added.

Mr. Moran had issued a writ seeking to stop the disciplinary proceedings. At a private hearing a judge had decided that there was evidence that a member of the Reta Committee had been biased against Mr. Moran. But the judge had said that the respective strength of Lloyd's and Mr. Moran's cases militated against the grant of an injunction against Lloyd's.

Mr. Moran was to appeal on the ground that the whole thing had in some way been poisoned by bias in the committee, said by bias in the committee, said by Mr. Scott.

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## BL 'faces defection of U.S. dealers'

By John Griffiths

BL COULD face the defection of half its 380 U.S. dealers in the next 12-18 months unless action is taken to reverse plunging sales, Mr. Joe Hersen, the chairman of the U.S. dealers' association, warned yesterday.

U.S. sales of BL cars in the first five months of this year were 48 per cent below those of the corresponding period of 1979. The U.S. market as a whole is down about 30 per cent.

Last year the 42,504 Jaguars, Triumphs and MGs sold the only BL cars then on offer in the U.S. — were more than 11 per cent down on 1978. In 1977 they approached 70,000.

Unsold stocks of the sports cars, which provide about 80 per cent of the U.S. dealers' revenue, are increasing and Jaguar Rover Triumph, BL's U.S. marketing arm, yesterday announced rebates of \$1,000 (£428) on TR7s, \$750 on MGs and \$500 on Triumph Spitfires.

"It's conceivable that they will get sales going again over the next three months," Mr. Hersen said. "But what we've really got to have is a whole new line of cars."

"Without them, it's going to be very difficult for a lot of smaller JRT dealers to survive. The only other way is to have another franchise and in many cases that is not possible, simply because the worthwhile ones are already taken. As things stand, there have just got to be defections."

The Rover 3500 went on sale in the U.S. at the start of May, with an initial sales target this year of 2,500. JRT said the car had been enthusiastically received and widely praised.

But one dealer said: "The Rover has no market in the U.S. In that price bracket, there is simply too much competition, and Rover's never been a name here." Previously, Rover cars had been sold in the U.S. since 1971.

A delegation of dealers which visited Britain eight months ago, are understood to have obtained a commitment that a new model would be investigated.

## Howe in attempt to heal strain over Budget report

By Peter Riddell, Economics Correspondent

AN ATTEMPT will be made this afternoon to heal the strained relationships between the Government and the all-party Commons Treasury and Civil Service Committee.

Sir Geoffrey Howe, Chancellor, is due to make a private appearance before the committee, which has been highly critical of some main assumptions underlying Government economic strategy.

The session has been called to discuss the range of information which the Treasury is willing to disclose. This follows complaints by the committee, in its report on the Budget, that excessive secrecy was hampering its work.

However, both sides believe that the central aim is to try to improve their relationship after the strains of the post-Budget hearings and report. Consequently, they want secrecy and Sir Geoffrey will be accompanied by only a couple of officials. MPs will be without their special advisers.

Treasury ministers have felt the committee has concentrated too much on highly uncertain detailed projections and too little on broad policy.

The view of the committee, chaired by Mr. Edward du Cann, Conservative MP for Taunton, is that an examination of such projections is essential to any discussion of policy objectives.

Relationships were not helped by the remarks earlier this month of Mr. Nigel Lawson, Financial Secretary to the

Treasury. He said the committee had made a disappointing start and its Budget report failed to grasp the essence of Government strategy.

Ironically, the meeting with Sir Geoffrey follows indications that the Treasury is going at least part of the way to meeting committee criticisms of the handling of supplementary expenditure estimates.

### Prelude

In its reply to a committee report the Treasury has said it will send estimates to all relevant departmental committees. It will also try to provide a longer time for consideration than in the past—possibly providing the supplementaries a week or so in advance in print form.

This afternoon's meeting will also be an important prelude to the major inquiry into monetary policy on which the committee is to take oral evidence from Monday. This follows the receipt of answers to a lengthy questionnaire on assumptions and detailed operations of monetary policy.

Nearly two dozen organisations sent replies including not only the Treasury and the Bank of England but also overseas central banks. These included the Swiss National Bank and West German Bundesbank. The International Monetary Fund is however, understood to have declined to comment.

Among others approached have been leading commentators such as Professor Milton

Friedman and practitioners such as discount houses, banks and stockbrokers.

The oral hearings will start on Monday with the appearance of Professor Patrick Minford, from the University of Liverpool, one of the most prominent advocates of the role of monetary policy in reducing inflation through its impact on expectations.

This session will be followed by hearings with Bank of England officials on July 7, Treasury officials July 14, Mr. Gordon Richardson, governor (July 21), and the Chancellor (July 28).

Meetings with academic witnesses may be arranged for the week beginning July 21. Further evidence may be taken after the summer recess. A report is expected in the late autumn.

## Welsh language TV petition

A PETITION calling for a Welsh language television service to be established on the new fourth channel was yesterday presented to Mr. William Whitelaw, the Home Secretary.

The petition, handed in by Mr. Dafydd Wigley, Plaid Cymru MP for Caernarfon, contained several thousand signatures collected by two women from Clwyd. The Commons debates the Government's Broadcasting Bill today.

## Figure of Buddha sold for £12,000

THE HIGHEST price on a quiet day at London's salerooms was £12,000 for a Buddha at Sotheby's auction of Tibetan, Nepalese, Moghollan and Indian works of art.

The Gandhara grey schist figure of the third-fourth century has an aureole behind the head, but this was described as "probably not belonging." A Tibetan bronze skull of the 15th

### SALEROOM

By Pamela Judge

17th century fetched £1,400. The sale totalled £76,450.

At Christie's, Chinese ceramics and works of art went under the hammer for £30,735. Spink was successful at £1,700 for a pair of Empress Dowager yellow ground barrel-shaped garden seals. E. V. Lee paid £1,000 for a pair of deep blue glazed bowls, probably of the Kangxi period.

Oriental paintings, prints and scrolls at Christie's South Kensington amounted to £10,632 for 180 lots. An album of Jodian erotic miniatures went for £3,000.

Silver in the same rooms made £14,585. Seagull, London, gave £1,000 for a set of four candlesticks by John Green and Co., Sheffield, 1819.

## Burton Group takes main site in Oxford Street's 'West One'

By Michael Cassell

THE BURTON GROUP has finally signed an agreement to become the main tenant in Oxford Street's 'West One' shopping complex, now being developed by MEPC.

The deal comes after more than six months of delicate negotiations when at one stage it looked likely that Burton would withdraw because of objections to some design aspects of the scheme.

Failure to agree with Burton would have been particularly embarrassing for MEPC, which last year tried unsuccessfully to sign up the Wallis fashion group for the same space.

Burton is to take 3,200 sq ft on the ground floor of 'West One' and another 22,571 sq ft on the first floor. The two levels of the £25m covered shopping scheme are linked by escalators within the Burton space and between the common public areas.

At a time when Oxford Street is experiencing one of its most difficult trading periods for several years, the terms of the agreement are, therefore, of special interest.

Although no details of the Burton agreement have been issued, the terms do not constitute a new rental record for Britain's premier shopping street.

Last year, Wallis was being asked to pay a base rental of about £400,000 a year, which would then be adjusted upwards

on completion of the scheme. A similar base rental is thought to have been agreed with Burton, which will also be required to pay an additional sum based on a percentage of turnover for the store and assessed at the end of the first year.

If the arrangement follows the pattern widely established in North America, the additional rental will amount to somewhere between 6 and 8 per cent of sales.

The entire 'West One' scheme comprises 45,566 sq ft of shopping space on three levels together with 43,600 sq ft of offices and is located at the corner of Oxford Street and Davis Street, above Bond Street underground station. The first of the 27 other shop units is due to be fitted out in the early autumn and could be open by March 1981.

Mr. Christopher Benson, managing director of MEPC, said yesterday: "I am delighted that Burtons have taken this unit, which is not only a major expression of confidence in our scheme but also reinforces our belief in the long-term success of Oxford Street."

With the help of agents Jones Lang Wootton and Edward Erdman, MEPC will now begin a carefully-paced lettings programme for the remaining units. It does not anticipate any difficulties for these now that the all-important "anchor" site has been let.

## Company to make 140 printers redundant

By James McDonald

"A RAPID and severe decline in the general print market, over-capacity in the UK, severe competition from abroad, and pressure on margins," have forced Sir Joseph Causton and Sons (Eastleigh) to negotiate a cut of 140 jobs at Brookwood Avenue, Eastleigh.

The company—a subsidiary of printers Sir Joseph Causton and Sons—is consulting the three print unions involved, the NGA, NATSOPA and SOGAT about the redundancies, which would reduce the workforce to 396.

Sir Joseph Causton (Eastleigh) is part of the group's Eastleigh Division—the largest of its six divisions. In the year to last September the average weekly number of the group's employees and its subsidiaries was just under 1,000.

Only at the end of last month the group announced that in the half-year to March 31 this year, taxable group profit had risen 43 per cent to £502,000 and that group turnover for the period was £5.09m (£4.3m) after taking out material content of £1.9m (£1.7m).

At the time, however, the board warned that the short-term outlook was uncertain. Trade union action had caused disruption in April and May.

## Sasse syndicate audit date extended

By John Moore

AN EXTENSION to the audit date for the troubled underwriting syndicate, formerly headed by Mr. Frederick Sasse, has had to be sought from the Department of Trade, the ultimate supervisory body of the Lloyd's market.

Mr. Peter Green, Lloyd's chairman, told members that the audit of underwriters' accounts as at December 31, 1979 had been completed for all syndicates, other than those involved in the Sasse affair.

The Department of Trade has granted an extension to the audit date. The usual audit completion date is May 31 but the syndicates under the Sasse group's management, including syndicate 752 which is facing £20.2m of losses, has been extended until July 31.

## Hadfields offers to manage Shotton steelworks

By Rhys David

HADFIELDS, THE Lonrho steelmaking subsidiary, has made a formal offer to the British Steel Corporation to take over the management of its Shotton steelworks in North Wales on a contract basis.

The proposal would enable 1,000 men to be re-employed at the slabmill where steelmaking has already been axed with the loss of more than 6,000 jobs. Hadfields also wants to take on the £80m finishing complex completed last year.

The proposal has been sent to Sir Keith Joseph and Sir Charles Villiers the retiring chairman of BSC, although the

Corporation has indicated that it regards the scheme as a non-starter.

Mr. Derek Norton, the chairman of Hadfields, said in Sheffield yesterday that private sector management of Shotton would give users of steel strip an alternative UK supplier to the BSC. He claimed that imports of steel, which were 250,000 tonnes in the month before the national steel strike, had risen to 700,000 tonnes in April and 600,000 tonnes in May.

A success could be made of Shotton by the private sector without BSC losing a single tonne of demand simply by replacing imports.

The Hadfields team claims that the BSC has denied it any financial information on Shotton and that in drawing up its report it has had to supplement its own evaluation, based on a two-day visit, with published data.

The report concludes that the restoration of steelmaking at the plant would cost more than £100m but it would not be expensive to re-commission the slab and hot rolling mills.

The Lonrho plan is to buy ingot—from the BSC or other suppliers depending on price—to feed these mills which would

then supply the finishing complex. The BSC's current strategy is to feed the finishing complex with hot rolled coil from Ravenscraig in Scotland.

The size and cost of the finishing complex was strongly criticised by Mr. Norton, who claimed that if the plant was to make money production would have to be more than 90 per cent of its capacity. However, he described as staggering the unsolicited offers received by his group from potential customers if Shotton were to revert to the private sector.

Mr. Norton said yesterday that the financial arrangements

in any deal would have to be worked out in talks with the BSC. He envisages a profit-sharing scheme, with Lonrho taking a substantial cut on top of its management fee if it could make the works profitable.

Commercial decisions such as pricing and marketing would be in the hands of Lonrho, which would need to install only a comparatively small team in the works.

The Lonrho investigation into Shotton was made at the request of Clwyd County Council and the Shotton Workers Action Committee, and it is not clear how seriously

Lonrho expects its offer to be taken. Mr. Norton suggested yesterday that losses at the BSC this year would be £1bn. This would force the Government to consider breaking up the Corporation and returning it to the private sector.

Alan Pike writes: BSC said last night that it would await Hadfields' written proposals before making any formal reaction to the offer. But there is no indication that the Corporation is likely to modify its present position towards Shotton, which is that the plant is not for sale.

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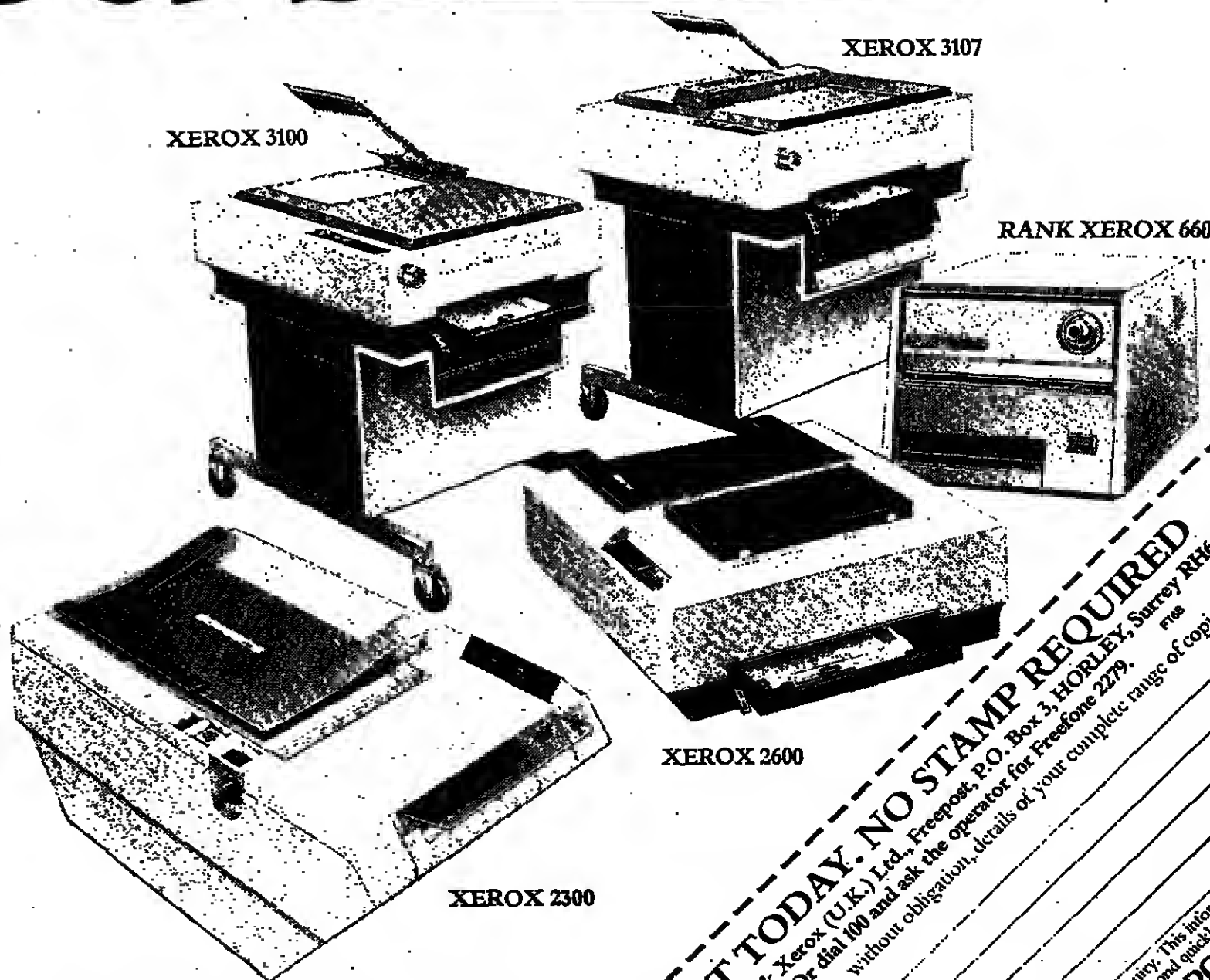
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## UK NEWS = PARLIAMENT and POLITICS

## LABOUR

## Rooker intervention call rejected

BY IVOR OWEN

THERE WILL be no intervention by Mr. George Thomas, the Speaker, to require Mr. Jeff Rooker (Lab., Birmingham Perry Barr) to substantiate or withdraw the "bribe" charge he levelled against Rolls-Royce on the floor of the Commons last week.

He made this clear in the Commons yesterday, when Tory backbenchers complained of abuse of the absolute protection provided to MPs by Parliamentary privilege.

The Speaker told the House: "Every Member must take full personal responsibility for any statement he makes in the House."

"It is not for me, as Speaker, to express a view, or purport to impose any action, upon the substance of any such statement that is made."

"It is not for me to take away privileges of Honourable Members."

The matter was raised by Mr. Peter Rost (G., Derbyshire South East), who recalled that

Mr. Rooker had accused Rolls-Royce of industrial espionage and charged one of its managers of accepting bribes.

"The person so accused is one of my constituents, and is unable to defend himself because the allegations were made under the protection of Parliamentary privilege."

Labour MPs rallied to the defence of Mr. Rooker, whose absence from the Chamber brought cries of "Where is he?" from the Tory benches.

Mr. Rost stressed that the "grave charges" made by Mr. Rooker had been strongly denied by Rolls-Royce and by his accused constituent.

He sought the guidance of the Speaker on how he could obtain justice for, and protect the rights of his constituents, whose best interests he had been sent to the House to defend.

"I refer not only to the individual accused of corruption, but also to the charges

against Rolls-Royce management as a whole, many of whom are my constituents."

Mr. Rost called for an immediate personal statement from Mr. Rooker substantiating in detail, and laying before the House the evidence, on which his "defamatory allegations" were based.

He asked the Speaker if he was satisfied that, without such a personal statement by Mr. Rooker, the reputation and absolute privilege of Parliament would not be abused.

Mr. Rost also suggested that, if detailed evidence was not provided, it would be appropriate for Mr. Rooker to withdraw the charges he had made.

After the Speaker had made it clear that he did not intend to call on Mr. Rooker to make a personal statement, the views expressed by Mr. Rost were supported by Sir Derek Walker-Smith, (C., Hertford East).

Sir Derek, the senior Tory MP on the House of Commons Privileges Committee, con-

tended that there were considerable misgivings in the country that the high and historic purpose of the Parliamentary privilege of freedom of speech was in danger of abuse in the House.

He pointed out that Ensigne May, the authority on Parliamentary procedure, underlined the fact that it was only as a means of ensuring that the House could effectively discharge its functions that individual privilege was enjoyed by its Members.

Amid further Tory cheers, Sir Derek argued that, whatever limitations there might be on the jurisdiction of the Speaker, the House itself had an inherent jurisdiction to "punish its Members for contempt."

He suggested that all the issues involved should be referred to the Committee of Privileges for examination.

The Speaker immediately reminded MPs that a change of

rules, introduced last year, required that applications for the reference of complaints to the Committee of Privileges should be submitted to him in writing in the first instance.

"We are not going to get any further with points of order today," he said.

Mr. Michael Foot, Deputy Labour leader, expressed gratitude for the ruling given by the Speaker and criticised the views expressed by Tory backbenchers.

Support for Mr. Rooker also came from Mr. David Winnick (Lab., Walsall North) who contended that it would be quite wrong to inhibit MPs from making statements which they considered justified on the basis that they might harm certain people.

It also became known last night that the House of Commons Trade and Industry Committee may initiate an inquiry into the Rolls-Royce case.

## Duffy threatens sanctions against Labour Party

BY PHILIP BASSETT and CHRISTIAN TYLER

Mr. Terry Duffy, president of the Amalgamated Union of Engineering Workers, warned yesterday that the AUEW would refuse further requests for funds from the Labour Party if it persisted in its internal wrangling.

The AUEW, which contributes nearly £300,000 annually to Labour Party funds, has already said that it will vote at the conference against mandatory re-election of MPs and in favour of the present system of electing a party leader and drawing up the manifesto.

But yesterday Mr. Duffy said that unless the party abandoned policies which are out of line with the AUEW's thinking, his union might well refuse the party's next request for money.

Although its political fund is reportedly healthy, the union is facing a cash flow problem on general account. It has set up

a £900,000 overdraft facility and has deferred the back-dating of its recent 26 per cent pay increases for its officials, mainly because of its recent large strike payments.

Mr. Duffy said there was a limit to union funds for the party. His union did not mind putting money into the party as a result to be able to secure a government sympathetic to the trade unions.

He added: "We are not happy with the party's warring with itself. Unless it mends its ways we will not respond. Stop warring and get on with the return of the Labour Government."

Mr. Duffy's warning follows the AUEW's decision to pay its Labour Party affiliation fees in two halves this year. The AUEW is also reducing its numbers affiliated to the party

to below 900,000. The electricians union, the EETPU, has also brought pressure to bear on the left within the Labour Party. It has kept the amount paid to central party funds down to last year's level of £72,000, despite an increase in affiliation fees. More cash would thus be available for supporting local Labour parties.

The EETPU refused the party's plea last year for early payment to help it out of a financial problem.

Party finances are one of the main subjects of the Labour Party Commission, which is due to meet again on Friday to draw up its report. The Commission proposes raising the amount paid by trade union affiliates from 32p to 50p a year, and to increase the constituency party affiliation fee to £2.50 per head.

## Liberals delighted with newest disciple

By Elinor Goodman, Lobby Staff

MR. ROY JENKINS, President of the European Commission and Leader-in-Waiting of the new Centre Party, yesterday was over his first recruit—to the existing Centre Party.

Mr. Aubrey Jones, a former Conservative Minister and Head of the Prices and Incomes Board, formally announced he was joining the Liberal Party. He thus became the first former Minister to join the Liberal ranks since Christopher the Labour benches in the Mayhew crossed over from mid-sixties.

Mr. Jones, who represented the Hall Green division of Birmingham for 15 years, has not played an active part in Conservative politics since he became Chairman of the PIB in 1965. His disenchantment with the Tories has been a gradual one.

What finally precipitated him into the hands of the Liberals was Mr. Jenkins' speech about the need for a new Centre Party.

Mr. Jones agreed about the need to break up the present Party system, but he felt it would be quite wrong to "disparage the effort" by starting a new Centre Party when the Liberals were already occupying the middle ground.

The sensible thing for Mr. Jenkins to do, he said yesterday to the obvious delight of his new leader, Mr. David Steel, would be to join the Liberal Party.

Though Mr. Jones had taken a long time making his conversion, the Liberals were plainly delighted yesterday with their new disciple. Mr. Jones, they claimed, was just the tip of the iceberg.

For his part, Mr. Jones obligingly attacked his old Party for deserting its principles. The Tory Party today, he said, was not the Party he had joined.

What was more, he was sure that former colleagues like Sir Anthony Eden would have felt the same way had they been alive today.

The people at the top of the Conservative Party today, he said, were returning to the 1930s by trying to "cover" the trade unions. If the Conservative Party had ever meant anything, he maintained, it was unity. And that was no longer true.

Mr. Jones also laid into the Government's monetary policy and accused it of "the kind of racist attitudes of the Midlands Tories who had tried to force him out of his seat in the mid-sixties."

He also broadly endorsed the Liberals' belief in the need for an incomes policy—but it was clear at yesterday's press conference that his ideas on this subject were not exactly the same as those of the Party leadership.

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## RAF Minister announces new recruitment scheme

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

TWO NEW incentive schemes to attract university graduates and sixth formers into the Royal Air Force were announced yesterday by Mr. Geoffrey Pattie, Minister for the RAF.

University bursaries will be offered to candidates who are prepared to take a short service commission in the RAF. The existing university cadetship scheme is restricted to those who commit themselves to a regular career in the RAF before going to university.

But Mr. Pattie argued that the length of commitment was a disincentive to those who were otherwise attracted to the Service. The new short term scheme would tap this potential source.

In addition, sixth form scholarships will be offered to encourage 16-year-olds to focus their interest on the RAF with a view to joining as an officer at the age of 18.

Details of both these schemes

will be announced at a later date. Mr. Pattie also said that the Government was considering ways of improving the role of civil aircraft in reinforcing British troops in Europe in case of a military emergency.

One possibility, he said, might be to recruit civil air crew into a special reserve. He pointed out, however, that a similar scheme was tried some years ago and was not particularly successful.

Mr. Pattie told the House that the first Tornado ground attack aircraft is to be delivered to RAF Gt. St. Mary's in the next few days for the training of British, German and Italian air crew to begin early in 1981.

The Tornado is produced jointly by the three countries and will form the front line aircraft of the RAF during the present decade.

The Minister said that recruitment had improved and the

number of officers applying for premature release dropped to 316 last year, a reduction of 50 per cent on the previous year. This picture for airmen was equally encouraging.

In 1979/80 the RAF recruited a total of 11,261 UK personnel, which was 11 per cent higher than the previous year and the highest for seven years. But there were still areas of concern. Notably, the recruitment of officers had fallen short in some important ground jobs, particularly engineers and fighter controllers.

Dealing with the general air defence picture, Mr. Pattie said that the Government's commitment to flexibility should not be interpreted as a "sell out" or an acceptance that financial stringency would defeat its defence plans.

He repeated warnings that Britain faced an ever growing threat from the "relentless build up" of Warsaw Pact armed forces.

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## British Gas 'should have majority' equity stake

THE GOVERNMENT is failing to safeguard the national interest by giving the British Gas Corporation only a 30 per cent stake in the company which will pipe gas from the North Sea, the Opposition claimed yesterday.

Dr. David Owen, Shadow Energy Secretary, told the Commons that BGC should be given a majority 51 per cent equity stake in the recently announced £1.1bn project.

However, Mr. Hamish Gray, Energy Minister, argued it was not necessary for a nationalised industry to hold the majority equity in the new company in order to safeguard the national interest.

Even so, BGC seemed likely to hold the largest stake, he assured MPs. "We see no point in committing more public money when plenty of private capital is available."

Dr. Owen said there was a national interest in ensuring that the British citizen received gas supplies "at a reasonable price" and that through proper conservation supplies lasted into the next century.

"This is a matter of major concern," Dr. Owen said. "The Minister refuses to come to the point, that is, how will the national interest be safeguarded if there is only a 30 per cent equity shareholding?"

Dr. Owen also pressed the Government to write into the statutes of the new company a right for the Department of Energy, in certain prescribed areas, to intervene to safeguard the national interest that a nationalised industry should have a majority stake.

Coal Board plans for a test scheme to produce petrol from coal are nearly ready, Mr. John Moore, Energy Under-Secretary, said during questions yesterday.

Mr. Moore told MPs that design studies for a £55m pilot plant to test processes developed by the NOB were nearing completion.

Based on NCB technology, Mr. Moore said about 20 pounds of coal would be needed to make one gallon of petrol. It would cost about 25 per cent more than ordinary petrol.

But he resisted Labour calls for the Government to provide more cash for the research now. The Government was still considering what level of support it should offer.

## Laggers bonus 'may hit projects'

BY NICK GARNETT, LABOUR STAFF

THE PROBLEM caused by opening bonuses to laggards was so serious it risked the UK's ability to carry out big construction projects one of the industry's main union leaders told the Commons Select Committee on Energy yesterday.

Mr. John Baldwin, general secretary of the Amalgamated Union of Engineering Workers' construction section said laggards, or insulation engineers, working in the North East had for a time earned £1,200 a week in bonuses.

Laggers were at the centre of the Isle of Grain power station dispute which unions and employers are attempting to solve.

But the laggards were just one symptom of poor industrial relations practices and inter-union conflict affecting the industry, Mr. Baldwin said.

On construction sites he said:

"We've been in the jungle fighting like savages. A national agreement covering all groups on construction sites was an absolute necessity if this was to be removed."

The committee is inquiring into the Government's nuclear power programme and has been disturbed by delays on construction sites. Among other things, these result from inter-union disputes, especially at the Isle of Grain.

The General and Municipal Workers' Union, which organises laggards in England and the Central Electricity Generating Board, the Isle of Grain plant, are to give evidence this week and next.

In written evidence to the committee, the board said price rises resulting from delays in completing the Isle of Grain project had increased its cost by £271m. The original estimate was £214m.

## BBC unions accept 15% pay increase

BY PAULINE CLARK, LABOUR STAFF

UNIONS representing about 23,000 BBC staff have accepted a 15 per cent pay rise—about half their original claim.

Mr. Tony Hearn, general secretary of the Association of Broadcasting Staff, said yesterday union branches had decided on acceptance after being consulted about a management warning that any higher increase could cost jobs.

The union had meanwhile agreed at its annual conference not to pursue its earlier reference on pay to the Central Arbitration Committee, which adjourned its hearing in March pending settlement of the annual pay negotiations.

The GAG was studying a 29 per cent claim aimed at closing the gap between BBC pay and rates paid to comparable staff in commercial broadcasting.

The agreement will have come as a relief to BBC management, which had calculated that every 1 per cent rise over the limit of its wage budget could mean a loss of about 230 jobs.

Two months ago the BBC announced a cost programme aimed at saving £130m and involving the loss of 1,500 jobs. It is already facing industrial action by musicians over the effects of the cuts on orchestras.

The new deal backdated to April 1st will add about £28.5m to the present annual £130m wages bill. This excludes £3.5m spent recently on a London weighting award to the majority of the BBC's London staff.

## NGA calls for unity against Government

BY JOHN LLOYD, LABOUR CORRESPONDENT

A DEMAND for united trade union action against the Government's employment legislation came yesterday from the National Graphical Association, the print craftsmen's union.

The union placed itself in the vanguard of future action when Mr. Joe Wade, its general secretary, told the biennial delegate conference in Blackpool: "This union intends to go on wading in with the TUC's campaign against the Government's industrial legislation—and if we don't get TUC support we intend to go wading in on our own."

He repeated his willingness to be imprisoned as a consequence of the fight against Government policies, and said that the union would be putting its funds at risk.

"But if they (the Government) will not listen to the voice of reason, then let them feel the weight of our industrial muscle power."

The conference rejected a motion calling for a basic rate of £95 a week—an increase of about 19 per cent on the £80 basic recently achieved by the union after taking industrial action—after its executive said that the target was not high enough.

The union is committed to making a 35-hour week a "top priority," but set no time limit. Agreements already reached will bring in a 37½ hour week next year.

It was revealed that the union had spent over £800,000 on disputes in the past financial year, much of that on the Times.

It is expecting increased demands on its strike fund in the coming year.

Mr. Wade said he was "under no illusion" that the agreement with the Times Newspapers meant that the war over new technology had been won, but he believed "that sooner or later some renegade employer will be seeking to take us on again."

## Engineers' clash averted

BY PHILIP BASSETT

A TWO-UNION clash has been averted over the strategy for this year's pay claim in the engineering industry.

The Transport and General Workers' Union and the Amalgamated Union of Engineering Workers had put forward different pay motions to the annual conference being held this week in Llandudno, of the Confederation of Shipbuilding and Engineering Unions which handles pay negotiations with the Engineering Employers' Federation.

The vehicle building and motor group of the TGWU sought a minimum time rate of £100 a week for engineering craftsmen whereas the AUEW wanted instead a claim specifying no more than the intention to seek "substantial increases."

Yesterday senior members of British Leyland Cars Management met the confederation Executive in Llandudno and confirmed that the company is to withdraw from the EEF by July 31.

## Appeal to Joseph over CAA snub

By Philip Bassett, Labour Staff

LEADERS of 25m engineering workers are seeking a meeting with Sir Keith Joseph, Industry Secretary, over the refusal of the Civil Aviation Authority to meet the union on its demand to buy foreign rather than British radar equipment.

The Confederation of Shipbuilding and Engineering Unions, already angered at the decision of the CAA to purchase the initial £24.5m portion of a defence equipment order from Dutch and U.S. sources rather than the British companies of Pleessey or Marconi, was disturbed still further when the CAA refused even to meet it to discuss the decision.

The Confederation immediately requested a meeting following the CAA's announcement to buy foreign equipment for the first phase of ground radar equipment for civil airports in the South-East.

The union was concerned that awarding the contract abroad fore-shadowed a similar decision on the rest of an anticipated £400m radar defence system contract.

They were surprised to receive a reply from Sir Nigel Poulkes, CAA chairman, telling them: "I do not think any purpose could be met from a formal deputation of the confederation," he said in his letter that the CAA had chosen foreign equipment because of British system was sufficiently developed to meet the authority's needs in the time allowed.

CEU leaders said yesterday that his refusal to meet them was unprecedented.

The confederation again requested a meeting, but was told in a further letter from Sir Nigel: "No conference with trade unionists or MPs will change the CAA's air traffic priority."

Mr. Alex Perry, CEU general secretary, said that the confederation had requested a meeting with Sir Keith over the CAA's refusal to negotiate and to discuss with him its fears about the future of the whole of the country's engineering manufacturing sector.

Protest at result of re-run poll

By Our Labour Editor

AN OBJECTION has been lodged by at least one defeated candidate in an important election in the Electrical and Plumbing Trades Union.

For the second time Mr. Wyn Bowyer, left-wing, convener of the British Steel Corporation's Port Talbot plant in South Wales, has won the contest for the regional seat on the union's governing body.

Mr. Bevan's victory last year was ruled null and void by the EPTU executive, which has a majority of right-wingers. The ruling followed complaints of alleged political interference from supporters of his campaign.

In a fortnight the executive will consider similar objections arising from the second election. The result counted earlier this month, gave Mr. Bevan 3,698 votes and his nearest rival 2,677 after exhaustion of the single transferable vote procedure.

Mr. Bevan, a Labour Party left-winger, was opposed by three moderates: Mr. John Grabb, from Devonport; Mr. Colin Hudson, a former steelworker from Edw. Vale; and Mr. Wally Haines, an engineer at a Cardiff hospital.

Paper rejected

By Our Labour Editor

A POLICY PAPER on trade and industry, destined for the annual Trades Union Congress and the Labour Party conference, was sent back for re-drafting yesterday after consideration by members of the TUC-Labour liaison committee.



Mr. Mark Carlisle, Secretary of State for Education, yesterday welcomed Mrs. Shirley Hustedler, U.S. Secretary of Education, to the Department of Education and Science, as part of her five-day visit to London.

## Heseltine confronted on housing

By Robin Pauley

LOCAL AUTHORITY leaders, angry at the implications of the Government's cuts in money for housing, will confront Mr. Michael Heseltine, Environment Secretary, and Mr. John Stanley, Housing Minister at a specially arranged meeting today.

The extra meeting of the Housing Consultative Council has been called at the request of the Association of District Councils.

"We think the housing figures in the Public Expenditure White Paper cannot be met without dire consequences for families in need of housing and for the housebuilding industry," Mr. John Morgan, the association's housing chairman, said last night.



# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## MATERIALS

### Carbon fibre from low cost tow

**EIGHT YEARS' work** on the development of a process to make carbon fibres and pre-oxidised fibres have given a British company ability to use commercial-grade acrylic fibre of standard textile tow type as the precursor (i.e. raw material) of the process.

The plant can produce high modulus, high tenacity fibres for aerospace and other high technology applications, and will produce pre-oxidised carbon fibre as a replacement for asbestos.

R. K. Textile Composite Fibres of Stockport which carried out the development has manufactured and delivered a plant to produce the fibres for a European client. The project has been funded entirely by the company, with no external aid. The value of the project is approximately £475,000.

A major part of the development programme for the product has been the development of techniques to allow processing of carbon fibres to yarns and fabrics on conventional textile machinery. This aspect of the work has been supported and monitored by Airlie Associates.

R. K. Textile can thus provide full information on the processing of various qualities of carbon and pre-oxidised fibre into yarns, fabrics and certain non-woven and composite products.

This project is the first of several under discussion to reach completion. R. K. Textile is in negotiation with a number of major UK, European, Japanese and U.S. companies for the supply of similar plant. Sheet forming equipment can

be supplied for processing the precursor tow into a uniform sheet for passage through the plant. Beam creels are provided to permit unwinding/rewinding to be a continuous process with intermediate tension held at a pre-determined value.

Ovens are of the forced convection type, electrically heated, the sheets being "floated" through each pass yet having no contact with the oven. Optional carbonisation plant (for the production of carbon fibre) includes a low temperature nitrogen furnace, high temperature (+1250 degrees C) furnace and surface treatment unit.

All controls for the production process are incorporated in a data logger system which continuously monitors temperature distribution and other plant parameters.

Facilities for the application of finishes and resins for further processing are provided to individual customer requirements.

Pre-oxidised material—PAN-OK—is finding application in fireproof garments, ablative structures, brake linings and in replacement for asbestos-based cement mixtures.

An activated version of this product provides absorption characteristics substantially superior to charcoal: it is finding application in absorption of toxic gases, fumes, Houdis, etc.—and in the extraction of precious metal residues from mining waste.

R. K. Textile Composites Fibres, Heston Norris, Stockport SK4 2BE (061-432-0678), Airlie Associates, 80 Roewood Lane, Macclesfield SK10 2PQ, 0625 25065.

### Protects circuit boards

A RANGE of protective coatings for printed circuit boards has been developed by Electro-tube. Damage can be caused to printed circuit boards by adverse industrial environments, perspiration during handling, thermal shock or high altitude conditions.

The new coatings are based on single-part modified resins and there are two standard grades: Electro-tube SCC3 and Electro-tube PAJ 300. The former has been designed and tested to meet the most stringent specifications including high altitude and high vibration tests. It can also be soldered through.

The second grade is stated to meet all the environmental requirements with the special characteristic that it can be removed by using fluorocarbon solvents either by dipping or aerosol techniques.

Both products can be sprayed, brushed or dipped and have passed Ministry of Defence requirements for temperatures between minus 60 degrees C and plus 125 degrees C. Modifications of these conformal coatings are available for special applications.

Location of Electro-tube is Blakes Road, Wargrave, Berkshire (073 522 3014).

## HEATING

### Tight control of fans

AN ELECTRIC fan heater control can produce substantial energy savings at it will maintain a general room temperature with 1 deg C. Providing the output of the heater is matched to the room, the control unit will automatically compensate the room temperature for opening doors or windows and for persons leaving or entering.

Other control methods result in a temperature variation that tends to follow a hysteresis of at least ±5 deg C which gives a "hot and cold" effect in the room being controlled.

Once the room temperature is achieved, triacs are used to switch 1, 2 or 3kw to maintain

that temperature. The fan is kept running constantly to de-stratify the air, thus giving an all-round even level. By switching in at the correct level, the heater appears to be blowing warm air for long periods thus not adversely affecting the comfort of any person in the room by blowing cold air.

The control circuit is designed in such a way that the triac switches at zero voltage, that is, the changeover point in the AC cycle. In this way, the problem of radio interference is overcome.

NSF Controls, Fence Houses, Houghton-le-Spring, Tyne and Wear DH4 5RG. 0535 61144.

## CONSTRUCTION

### Roofing solves a problem

IF THE major part of the local authorities' estimated £100m backlog for urgent building repairs relates to remedial work on flat roofs, as appears to be the case, one UK group may need to accelerate its plans for production in Britain of a novel solution to roofing problems which appears to be the first and only attempt to integrate weather sealing with heat insulation and prevention of condensation.

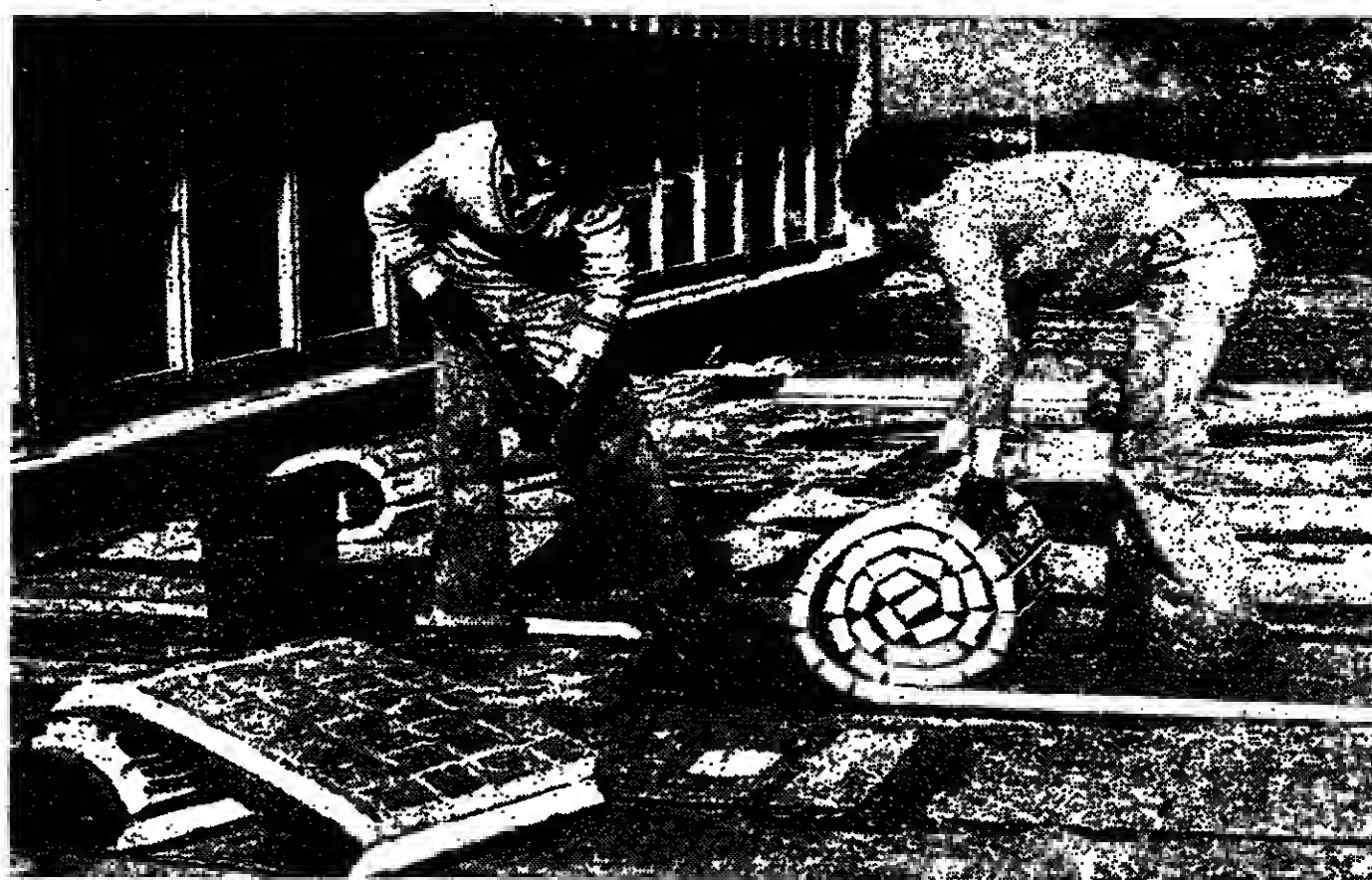
This material, Tekurat, was evolved in West Germany and is being applied in roofing contracts for new and refurbished buildings by Evode Roofing of Stafford. The UK company has plans to decide on local manufacture this autumn and, on that basis, should have a plant on stream in the spring of 1982.

The laminate, which is made by a continuous process, has an upper face of a high quality felt bonded to an extruded polyurethane rigid foam sheet which has a reinforcing core of a strong web of textile material.

The under face is profiled to form a pattern of 5mm deep channels at right angles to each other and faced with aluminium foil.

This part of the design is, in many ways, the most important feature of the product since it allows water vapour generated within the structure to escape to atmosphere with minimal heat loss, through vents at 10 metre centres. There is no interstitial condensation, a phenomenon which has been shown as the main cause of blistering in conventional flat roofs to which various types of thermal insulation have been applied.

The secret of the energy-saving aspect of the laminate is the fact that the channels under the insulant create a zone of still air in which there are no convection currents, but which is on the warm side of the barrier, so condensation is prevented. However, since the



zone is connected to the external atmosphere, the moisture vapour inside the building, which is at a higher partial pressure than that outside, will tend to diffuse to atmosphere according to Dalton's Law.

Foam used in the manufacture of the material is of a specification to give a much higher fire resistance than with standard foams. Bulk density of thermal conductivity is 0.022 Watts per metre per degree C.

Standard thicknesses are

32mm and 45mm and with more than 95 per cent closed cells in the structure, the material has a very high resistance to water absorption or to water vapour penetration.

Both thicknesses come in 10 metre rolls 0.5 metres wide and felt overlaps are provided. Hot bitumen fixing will not damage or distort the material which can survive 250 degrees C without gassing for a brief period.

Metal decks, concrete and screeded surfaces are suitable, both flat and pitched, and the material can also take shallow radii for curved roofs.

Awareness of the properties of this remarkable solution to a major building problem is beginning to penetrate into the industry which is finding its application a boon since there is no need to rehouse tenants as the work proceeds.

Further information on the roofing system from Evode Roofing, Common Road, Stafford, ST16 3EL. 0783 45121.

## INSTRUMENTS

### Analyses signals in two modes

SIGNAL analysis at frequencies up to 20 kHz can be performed with an instrument just released by B & K Laboratories. It provides all the basic measurement facilities needed for conventional fast Fourier transform (FFT) work but has the addition of an instant non-destructive "zoom" facility which allows resolution in any part of the spectrum being examined to be increased tenfold where necessary and without destroying the original time

function. The facilities are made possible by a very large input memory which in combination with an extremely flexible trigger enables the instrument to analyse both continuous and transient data in conjunction with its more conventional Fourier analysis system.

Operating as a 400 line FFT analyser the unit samples the input and transforms it, 1,000 samples at a time into the frequency domain, so present-

ing a constant bandwidth spectrum on the screen at 400 equally spaced intervals across any selectable range within 0 to 20 kHz.

As a high resolution device, operating on 10,000 samples of the input, any selected tenth part of the spectrum can be "zoomed" in on.

More about the unit, designated 2033, from the company at Cross Lances Road, Hounslow, Middlesex (01-570 7774).

## COMMUNICATION

### Taping the weather pattern

ABLE TO either record at the collection site or transmit over telephone lines, a weather data collection system from Meteorology Research of California is offered in the UK by Talke Electronics, Deeside, Clwyd CH5 2LR (0244 816311).

Called Weather Wizard, the system collects data in digital form from a sensor array which measures wind speed and direction, temperature and relative humidity. Data can also be collected from sensors gauging variables such as air pressure, precipitation and solar radiation and at the same time digital data is generated to represent station identification, day, time and daily maximum and minimum temperatures and peak wind thrust. Another six channels are available for any other purposes.

Tape cassette and electronics are housed in a robust enclosure which can be located up to 300 metres from the sensor array, with connection by a single cable. The data can be recorded on the cassette, sent over a phone line or with suitable equipment transmitted to a satellite. The unit consumes only three milliamperes from 12 V dc.

### Data sent through the ground

BASED ON the known ability of very low radio frequencies to propagate through the ground, Sandia Laboratories in the U.S. has developed a radio telemetry system that can supplant wire transmission when the latter might be unsafe or impractical due to the environment.

The system was developed to meet the needs of temperature measurement in a U.S. underground coal gasification scheme in which it was found that wire thermocouple connections could be damaged by the heat. Instead, the string of thermocouples was connected to a telemetry package beneath the seam. The package was over 12 feet long and four inches in diameter, controlled by a crystal clock and powered by lithium/sulphur dioxide batteries with a lifetime of 150 days.

Hourly measurements are taken and every six hours stored data is transmitted by frequency modulation on a 14.5 kHz carrier. The receiver is five feet long by four inches and can be located at up to 150 feet from the transmitter. Power is supplied to it by cable from the surface.

Sandia Laboratories, Albuquerque, New Mexico. 87115, U.S.

## MACHINE TOOLS

### Welder will handle two difficult tasks

THIN WHEEL seam welding, as the name implies, required narrow electrode wheels which are driven via high pressure knurrs. This high pressure factor tends to work-harden the electrode wheels, thus preventing pick up and electrode contamination with its resultant deterioration in weld quality.

Components are hand loaded and clamped in the tooling provided on the pantograph which follows a guiding mechanism profiled to the identical shape of the component.

British Federal, Castle Mill Works, Birmingham New Road, Dudley, West Midlands DY1 4DA. Dudley 54701.

Welding speeds up to 3.5 metres per minute are achieved by the thin wheel seam welder which has been specifically developed for the welding of coated materials, such as the lead-coated steel used for petrol tanks and where a narrow weld zone, on smaller flanges, is required.

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British Federal, Castle Mill Works, Birmingham New Road, Dudley, West Midlands DY1 4DA. Dudley 54701.

### Gauge works deep down

FOR OPERATIONS down to depths of 600 feet, an ultrasonic gauge from Wells Krautkramer allows the thickness of submerged structural members between two and 300 mm to be measured to an accuracy of 0.1 mm.

Design has been in close collaboration with divers resulting in an instrument with no external controls that can be easily used with one hand. The nylon-hodded torch-like instrument has a replaceable ultrasonic probe within the front end which is spring loaded to maintain constant pressure against

the work being examined. Movement of the probe against the spring pressure switches the unit on and off automatically, preventing unnecessary battery drain. At the other end an oblique face is moulded on which the three digit display is mounted.

A charging socket is provided which is sealed during use and this orifice also allows access to a zero adjustment. Although pre-calibrated for steel, the instrument can be changed internally for other materials.

More from the company at Blackhorse Road, Letchworth, Herts. SG6 1HF (04626 2644).

### Charts have versatility

NOW IN production by J. J. Lloyd Instruments of Southampton are the PL2500 dual pen and PL1500 single pen chart recorders which are capable of plotting X against Y and also Y against X.

Like other manufacturers in this area the company has been able to give good value for money by reducing the number of models offered and avoiding the rather costly modular construction approach.

The recorders can use A3

single sheets of graph paper or roll chart paper driven by the integral crystal controlled drive. The X and Y channels are identical and provide 18 calibrated sensitivities from 25 microvolts/mm to 500 millivolts/mm, a variable control giving overlap between ranges. An accuracy of 0.2 per cent and linearity of 0.1 per cent, combined with writing speed of 1,000 mm/sec. give fast, faithful recordings.

For continuous records against time 18 paper speeds from 2 mm/min. to 400 mm/sec. have an accuracy of 0.01 per cent allowing operation as a true Y/t recorder. But in the X/Y mode this drive also allows the paper to be advanced rapidly one frame at a time.

More from Brook Avenue, Southampton SO3 6HP (04895 4221).

## SECURITY

### Mini alarm for small premises

COSTING UNDER £10 is an intruder alarm for protecting valuables in a shop or home, and providing security for doors, windows, garden sheds, garages, cabinets, cupboards, offices, etc. The small unit, called Grandstand Intruder Alarm, is easy to fit and is linked to contacts which simply fix with self adhesive pad or screws. The alarm itself is battery powered so there are no difficult electrical connections to be made and, when activated, emits a long buzz.

More from Adam Imports, Unit 2A, Ripon Road Industrial Estate, Harrogate, North Yorkshire (0423 501151).

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## MAINTENANCE

### Cleans up the works

LATEST industrial vacuum cleaning to be marketed by The Brillo Group, Cordwallis Estate, Maidenhead, Berks. (Maidenhead 23411) includes a small machine for cleaning stairways and areas where the floor space is such that standard machines cannot be used. It has a 900W motor and can be converted for 24 or 36 volt dc operation.

Another machine has been devised for use in areas where electric motors must not be used. Driven by standard factory compressed air supplies it can be used for wet and dry cleaning.

## PACKAGING

### Safer can pulls move

IN THE U.S. metal pull tabs on fruit and vegetable juice have been banned in three States for safety reasons mainly, says 3M, because the sharp metal edges that result on the small piece of discarded metal can cause injury.

Apparently it is also felt that the pulled tab could drop into the can and be ingested by the user. Apart from this, most people who value the environment take the view that although the cans may be properly disposed of, the pulled tabs are invariably thrown on the ground where they are an eyesore as well as potential danger.

As an alternative, 3M is offering, in the UK now, as well as the U.S., the Scotchpak system. This uses a small piece of protective tape which is applied to the inside of the can top to prevent the contents of the can contacting the pour hole. The peel-open closure is applied to the outside of the can top and adheres so strongly to the exposed part of the inside tape that it pulls the material right through the hole when peeled off.

More from 3M United Kingdom, P.O. Box 1, Bracknell, Berks RG12 1JU (0344 26726).

Does your computer get the same treatment as your copy of the E.T.

Do you tend to keep it to yourself, reluctant to share its benefits?

The equipment in your computer department is probably very costly and has some pretty specialist people operating it. So it's not surprising if remote departments or branch offices don't get a look in.

Below are some suggestions for those departments who are only too happy to get out of a computer of their own.

The benefits of a microcomputer go far beyond the usual book-keeping and information filing. Cromemco computers find themselves used in a whole variety of scientific, technical and production

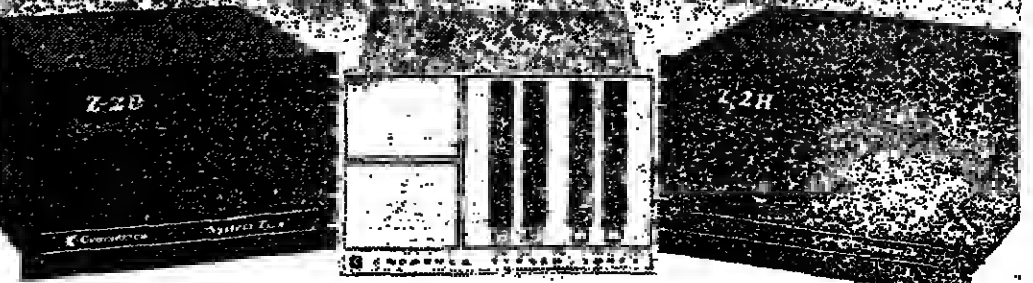
applications. In fact, you can't get your K&D Data Display Department without a Cromemco computer.

You don't want to use microcomputers? It's really more than a company size thing.

Once your computer and technical staff know the details of the Cromemco microcomputer, it's a matter of time before they'll be using it.

Don't keep this to yourself. Ask us to send them full technical information.

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## THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Over the past ten years, the workshops of British Rail have been carrying out work for the private sector. Raymond Snoddy reports on this profitable sideline

## BR shows a little enterprise

Last year, British Rail lost between £10m and £15m of freight business because of production difficulties at its subsidiary, British Rail Engineering, led to delays in the supply of locomotives to BR. This, together with low productivity and Government financial stringency, meant that BR took delivery of only 17 locomotives from BREL in 1979, whereas its real needs are for substantially more.

A "maintenance and manufacturing study" by BR's strategic study group has looked at this and other problems faced by BR in the design, procurement and construction of new rolling stock

and the maintenance of existing stock. The British Railways Board has started internal discussions on the future of BREL in the light of the study and one of the consequences may be a substantial involvement of private sector engineering companies as alternative suppliers of rolling stock.

There is an irony in this, however, because over the past ten years the least troublesome of BREL's activities has been its own work for the private sector.

The following article looks at this small, but significant section of BREL's activities.

THE Transport Act 1968 provoked considerable opposition from the engineering industry, under its terms BREL, a wholly-owned subsidiary of British Rail, was given the right to sell surplus capacity. There were fears in the engineering industry that prices would be artificially low—or at the very least that the equilibrium of the market would be disturbed.

None of the worst fears have been realised. Relations between BREL and the private sector are close, as BREL emphasises, and there is no trace of marginal costing. Full costs, including all overheads and depreciation, plus a profit of between 13 and 15 per cent, are charged.

"My role in life is to exploit BREL facilities profitably and support private industry—not

attack it," says Mike Conway, BREL's commercial manager (UK Operations) at Derby, where the management team of 12 (including secretaries) is based.

BREL's private-sector turnover of £10m a year has been built up slowly over the ten years of its operation. It now operates from 13 plants around the country and has an enormous product range: from litter bins to 4-tonne ships' anchors.

Negotiations for the first private contract—the production of hilling chambers for Massey Ferguson harvesters—had to overcome some preconceptions. "They were fearful about our prices being over the moon, doubtful about industrial relations and nervous of political control," Laurence Flint,

BREL's chief salesman/contract engineer said.

But ultimately Massey Ferguson decided there were clear advantages in using BREL's pressing, punching and painting facilities at Doncaster. The contract is now 10 years old; BREL is satisfied with the £3.3m it has brought in so far and Massey, it says, is happy with the stable supply and quality which the railway workers have provided.

BREL's greatest asset is the diverse range of skills and equipment built up over the years in the running of Britain's railway system. "People expect us to be working by gaslight but engineers visiting our works feel very humble when they see the range of our equipment, including the latest computer-operated milling equipment," said one of the BREL team.

There are many skilled carpenters at Wolverton Works where carriages are built. That led to £100,000 worth of bookcases made for Caxtons encyclopaedias. An unsolicited sample was sent to Littlewoods and it ordered 1,000 for its mail order catalogue.

BREL's litter bins have not only won the accolade of inclusion in the Design Centre's street furniture catalogue, they were also able to meet Liverpool Corporation's specification that "they must be able to withstand steel toe caps." They have brought in £50,000 so far and are still selling well.

At the higher end of the technological scale BREL offers a

hydraulically operated container lifting frame or the revolutionary bogey developed for the Advanced Passenger Train. BREL technology is marketed abroad through Bre-Metro—another private-public collaboration involving Metro-Cammell. Total overseas sales, mostly mainstream railway products, are running at £30m a year.

## Autonomy

The major part of BREL's private sales in Britain result from the manufacturing of railway wagons (mostly freight) for the private sector—which brings in about £5m a year. BREL splits the market three ways with Procor and Standard Wagon.

Managers at the larger works enjoy a large degree of autonomy: they can take complete responsibility for accepting contracts up to £50,000. Harry Roberts, fourth generation railwayman who started as a fitter, is manager at the Swindon works, where the main task is a ten-year contract to refurbish the ageing coaches of Southern region. But the works is also one of the largest engineering concerns within a 40 mile radius—and Harry Roberts has a sharp eye for profit.

"Our average profit from private work is 15 per cent but if we think the market will stand more because no-one else has the machine, then we

charge more," Roberts said.

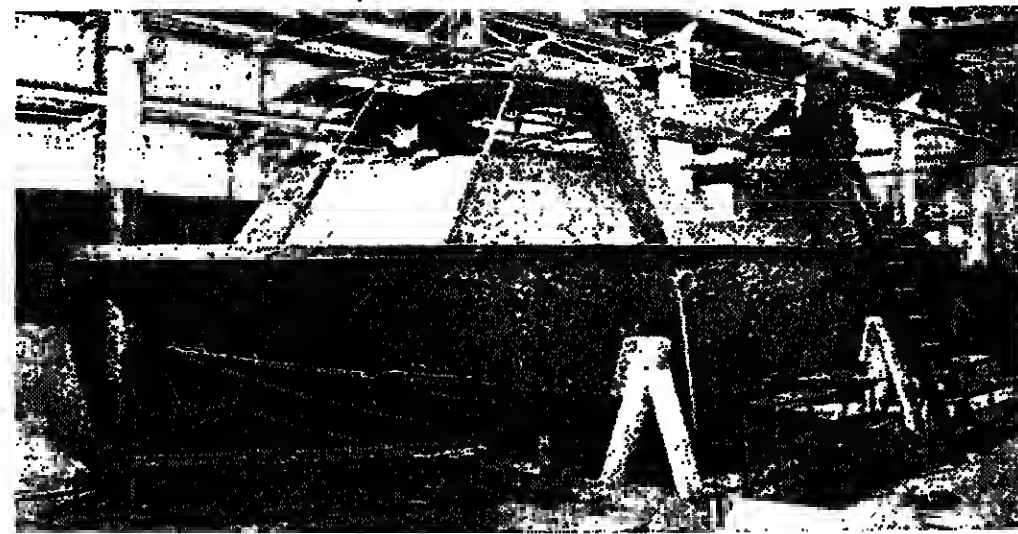
When Swindon refined the cylinders of a 1897 Duguid-Hercules car the owner was very happy to get the job done for £185. Roberts was happy with 60 per cent profit. He also rents out spare office capacity.

Swindon's £3.3m private work over the past 10 years has included an £82,000 traverser/turntable made for Vickers and the Hong Kong mass transit railway, all-metal oil field patrol boats, exhaust manifolds for formula one racing cars, cross-braces for Ford concrete mixers, repairs to a water pump from a local country house and a sawmill engine sent specially from Africa to be repaired at Swindon.

"I can't think of one trade in engineering which isn't represented. We can do everything," says Roberts.

He believes that private industry benefits from the tradition of skill and inbuilt safety standards banded down from generations of railwaymen and the tradition of competition between the various railway works.

There are also benefits, Roberts points out, in the interesting experiments in industrial relations among the 3,700 workforce at Swindon. Not a day has been lost through strikes in the past five or six years nor a private contract lost because of demarcation disputes.



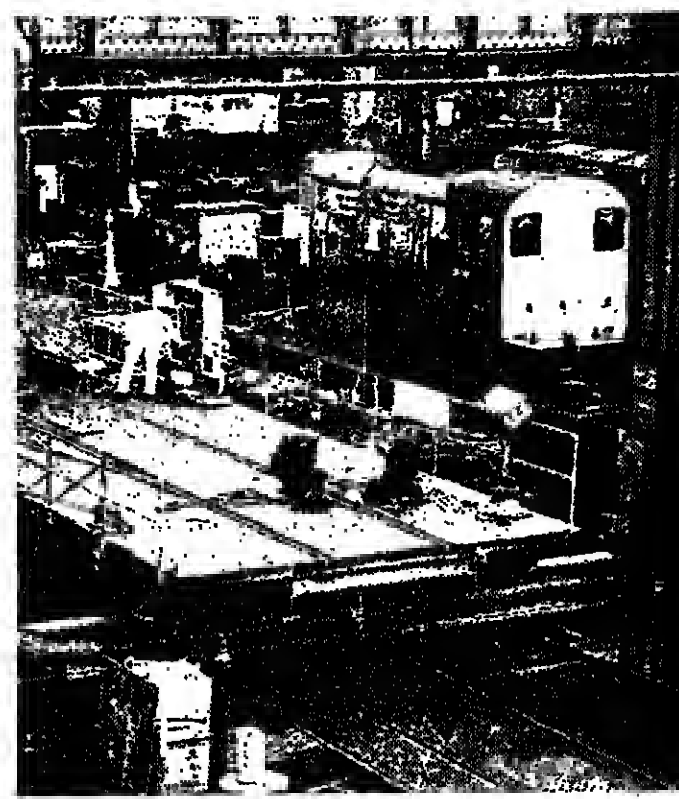
Trains and boats... and planes? BREL's product range includes not only locomotives and rolling stock, but also oilfield patrol boats and litter bins

Representatives of the main unions in the plant decide which trade will get a job if the most obvious candidate is already occupied with British Rail work. Six former boiler-makers are even in the second year of retraining as electricians.

## Leasing

BREL itself does not foresee the possibility of any dramatic expansion of its private work beyond a steady 10 per cent growth a year, unless there is a change in its statutory responsibilities.

One such change might enable BREL to raise capital from the private sector for its private work. This is something Mike Conway would like to see happen. Such capital could be used to set up a wagon leasing business—and that would enable BREL to give Procor and Standard even more competition, he reckons.



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TO MOST European companies, the phrase "Khomeini effect" means only one thing: lost and cancelled orders.

Not so to a relatively unknown private company tucked away in the Ruhr, West Germany's heavy industrial heartland. In fact, very much the reverse.

No sooner had the Ayatollah returned to Iran to lead the revolution than Happel KG was flooded with new orders from anxious customers. For a time, delivery times lengthened to eight months. Factory space had to be extended in a crash programme, and more labour found.

For Happel makes heat pumps, and heat pumps are big oil savers. The higher the oil price, and the less certain supplies from the Middle East, the fuller Happel's order book becomes.

Happel has been in the energy-saving business for years, producing an array of devices from simple roof collectors gathering warmth from the sun's rays, to complex machines which simultaneously dehumidify the air in indoor swimming pools and help heat the water. But the heat pump is its most striking success so far. Though no giant in corporate terms,

## The warm glow of an ill wind

Jonathan Carr on a German company which has exploited the energy crisis

Happel at present claims to be Europe's biggest maker of heat pumps for domestic use.

Happel is one of the constituents of a highly unusual group called GEA, or Gesellschaft fuer Elektrische Anlagen ("Electrical Plant Company") and owned by the Happel family. GEA's remarkably mundane name belies its powers of technical innovation in a variety of products and components, all in the specialised field of heat exchange and recovery.

With a labour force of 4,500 GEA embraces 22 companies in 14 countries, with world sales this year of about DM 650m (£157m), about 80 per cent of which are outside Germany. While continuing to manufacture its most advanced products at home, it has been building up a substantial overseas production base, partly from scratch and partly via acquisitions, for example in France and the United States.

Its small size notwithstanding, GEA is a striking example of an enterprise which has grasped the opportunities of the energy crisis to carve itself a firm market position before others with far bigger financial and research resources can invade the scene, and which hopes that its flexibility will protect it against them.

German giants like Siemens,

Thyssen and Volkswagen are now muscling into heat pumps, together with many other European and U.S. multinationals. Even if not all of them invade Happel's particular market segment, it is bound to face tougher competition than in the past.

Dr. Franz Schulenberg, managing director of several GEA enterprises, estimates that there are about 60 German producers of heat pumps—some are very small indeed. He expects that eventually perhaps about 10 will survive.

Happel is firmly determined to be one of these with a good market share, but it harbours no illusions that it will dominate the business in future—even if it wanted to.

To do that would elevate the company and the GEA group in the kind of huge enterprise which they evidently do not wish to be. Dr. Schulenberg and his team constantly argue that the reason GEA can keep its nose ahead technologically in one market after another is because its structure is not too unwieldy.

With evident pride they point to their response to the "Khomeini effect." From selling heat pumps in hundreds, they suddenly faced demand for thousands. So they built a new factory with an annual capacity of up to 20,000 pumps (they expect to sell roughly 10,000 this year). The interval between



Dr. Franz Schulenberg: only five months between the decision to build and the start-up of production

the decision to build the factory and the start-up of production was just five months. How many of the biggest enterprises, Happel asks, could match that for response to customer demand?

In theory the potential market at which Happel and its competitors are aiming is nothing short of dazzling. In West

Germany alone, over 12m homes are oil heated and could cut their consumption with the aid of a heat pump.

On average such a pump costs DM 3,000, plus DM 3,000 for installation. There is thus a domestic market potential of more than DM 100m—quite apart from sales for offices, factories and so on. So, in spite of the looming competition Happel might be forgiven if it displayed the euphoria of a man of modest means who found his house was built on a gold mine.

Simply described, a heat pump warms the interior of buildings by extracting heat from the air, water or even the ground. One psychological barrier to sales can be the difficulty of persuading potential customers that heat is present to be extracted from the atmosphere even when the sun has not been shining.

Another hurdle—at least at present—is financial: the time it can take to recoup the cost of purchase and installation through fuel savings. Even if Government subsidies on the initial cost are taken into account, the average household could take a good seven years at the current level of oil prices.

A visit to Happel's headquarters on a cold and rainy day when the Ruhr looked at its most uninviting helped reduce initial scepticism. The 2,630

square metre building, completed in 1977 at a cost of DM 3.2m, is heated via a series of pumps and convectors. They suck in warmth from the outside air or from sunlight diffused through the windows, and distribute it or, when necessary, store it in large water containers on the roof. Happel says that no extra heating source is needed until the ambient temperature falls to -3 degrees C—that is for about three-quarters of the year.

A standard reaction to this apparent conjuring trick must be "come off it—surely it must cost more to run these gadgets than to buy oil?" This would once have been true—for example a decade ago when heating oil was available for 18 pence a litre. But now a simple calculation based on the current price of around 60 pence a litre indicates otherwise. Given a standard home using an annual average of 4,500 litres of oil, installing a heat pump can save more than 40 per cent of heating costs. Though it uses extra electricity, it can save about 70 per cent of a household's heating bill—a point worth underlining in a country like West Germany which is almost wholly dependent for its oil on imports.

At present it would not be an economic proposition for the pump to replace heating oil altogether. Happel says that even with 20 degrees of frost outside there is still heat to be

extracted from the air, but that it would need virtually as much power to suck it in as it would to heat the building electrically. Thus for the coldest few months of the year heating oil is still needed.

The ideal vision would be Germans heating their homes and offices largely with heat pumps, run on electricity produced by power stations fired mainly by coal (of which the country has fairly large domestic deposits).

It remains to be seen whether GEA can take full advantage of the heat pump boom, and still survive indefinitely as a family business. And if it cannot, will the transition destroy the flexibility which is the apparent basis of its success?

One pointer could be that the crash expansion of production to cope with the "Khomeini effect" stretched its financial resources for a while. But the exact extent of the strain has not been revealed: the private ownership of the business means that GEA is not obliged to reveal its full financial performance—and does not do so.

Equally, the group's private status exempts it from the well-known German practice of co-determination, with labour representatives sitting on a supervisory board. This may accelerate decision-taking, but does it not bring labour unrest? Dr. Schulenberg admits to one strike years ago. It lasted 55 minutes, he says.

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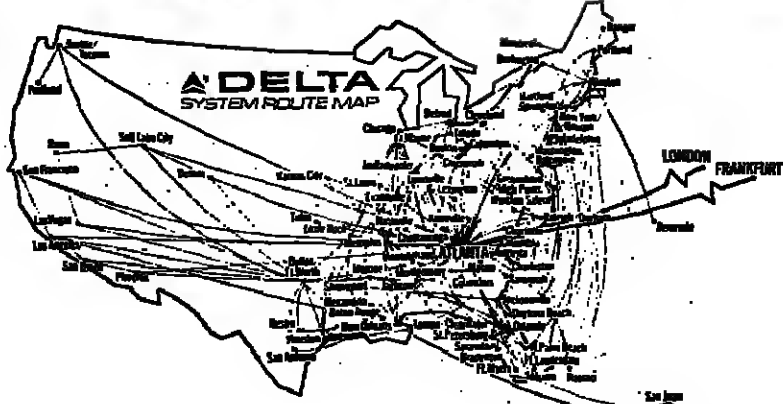
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# Neutrality on nuclear policy

BY DAVID FISHLOCK

THE EXASPERATION of Mr. John Lyons, the trade union leader, when he accuses some of those who are attacking nuclear energy of intellectual dishonesty, double standards and "systematic misrepresentation of facts and issues," is understandable. As general secretary of the Electrical Power Engineers' Association, he represents those closest to nuclear energy—the crew of supervisors, engineers and scientists who run the reactors. If something goes seriously wrong, his members are not only held accountable but are right to the front row for the kind of catastrophe the public is repeatedly told is only a hairsbreadth away.

## False

They know that the message of what Mr. Lyons calls the "anti-nuclear industry" is fundamentally false: a political appeal that has nothing to do with engineering data or risk statistics. Not surprisingly, as men just as highly trained as a pilot to deal with verifiable facts and real crises, they find it hard to respond publicly to opponents unencumbered by their knowledge or experience but apparently dedicated to putting them out of a job.

We need critics of nuclear energy—just as a healthy theatre needs critics—to analyse the activities of a still-emerging area of public investment of considerable size and importance. Implacable nuclear opponents—those who see it impeding their plans for a different pattern of economic and industrial activity—can serve no constructive public purpose as critics. They are pursuing their own objectives end, as they see it, stable electricity supply, stands in their way. Yet they are the people television and some parts of the Press—plagued by Mr. Lyons—invited to ally up to contrive an entertaining "nuclear debate." But there is a body of people who could serve the public interest far better. They are people with neither political nor commercial interest in the outcome, yet interested enough to make the considerable intellectual effort to follow the issues fairly.

Let us call such people "neutrals" in the nuclear debate. They are mostly senior academics with a professional interest in the issues but no commitment to the nuclear power industry, for example, to train its engineers. I will propose four, all very different. First, Professor Ian Fells of Newcastle University, a highly articulate commentator on energy technology, who has the distinction of having been invited by both sides to testify for them at the Windscale inquiry. (He appeared for neither.)

Second, Professor John Freeman of the University of Birmingham, who so skilfully guided the local authority through the technological jungle during the Windscale inquiry. A steady stream of letters from this professor to the scientific Press has been gently correcting editorial bias and readers' misapprehensions with masterly precision, wit and grace.

Third, Dr. Richard Ede of the Cavendish Laboratory in Cambridge, who is encouraging students opposed to nuclear energy to undertake energy policy projects in which they are asked to re-examine the assumptions and logic of the so-called "alternative energy policies."

## Fourth choice

My fourth choice as a "neutral" is Professor David Pearce of Aberdeen University, widely believed to have been antagonistic towards nuclear energy until he was confronted by a paper by an Open University researcher which argued how much more advantageous to Britain would be a non-nuclear future. He published a critique which said, in the language of the academic that this was the sort of rubbish that gets opposition to nuclear energy named. It brought the wrath of nuclear energy's opponents about his ears.

Professor Pearce has written ruefully to me, enclosing a vindictive article entitled "Plutonium professor's polemic," saying: "this should amuse you as so illustration of the comic-strip level of intelligence the anti-nuclear movement can muster when faced with some academic criticism."

RATHER LIKE the alchemist and his stone, some film critics are forever trying to discover what exactly are the magical ingredients that make one film successful where another fails. Certainly I have been trying to solve this puzzle for years and at one time seriously believed that success owed much to the time and effort and careful planning invested in a film. Since then, however, I have seen enough brilliant screen work that happened by chance—through sheer carelessness, unplanned inspiration or luck—to know that there are other forces at work.

## Discovery

Earlier this month, at this year's British sponsored film festival in Brighton, I began to think that perhaps I had at last discovered the secrets, in a commentary line of the film that undoubtedly was the triumph of the festival—a line of verse by the 19th-century writer John Clare: "I found the poems in the fields, and only wrote them down."

The film that captures the audience and remains in the memory has this same open receptiveness, reflecting what is there, distilling the essence of life and of nature—holding up a mirror which focuses our attention on qualities of life that please, satisfy or concentrate the mind.

This festival triumph was a

Post Office (Postal Services) documentary about the designing of a pictorial stamp series. The film, *Spring Quarter*, is an evocative look at the landscapes of Northamptonshire, where artist Peter Newcombe lives and works and where the inspiration came for his designs for a series of spring flower stamps. John Clare also drew his inspiration from the same landscapes, although tragically ending his days in an asylum. Clare's poetry, Newcombe's painting and the film-makers' sensitive observation, combine with dedication and a sense of caring.

Indeed, *Spring Quarter* is a rare example of a film getting down to the true qualities of a subject instead of trying to impose some artificial view upon the film-maker or the sponsor. So many films fail because they are dishonest, or so far removed from the experiences of life that audiences instinctively know them to be false.

Applying this philosophy to other films seen at Brighton, I begin to find it works. I am in sight of the alchemist's stone. Thus a videotape production in BP's new company magazine programme *Pipeline*. This is a quarterly production seen by employees and follows the format of many television magazine programmes.

Like broadcast television at its best, it works because it is direct and factual, free from the indulgences of the self-conscious

producer. Fascinating, for example, to see in the programme an interview with Trevor Philpott about the making of the television series *Inside a Multinational*—which British viewers have been watching in recent weeks as an extraordinary nine-part series about British Petroleum. In the videotape interview, we get a

new angle on the television series; we learn about other aspects of BP, such as what the wives of employees in BP do when living in Alaska.

In the same videotape section of the festival, the penalty of false commitment is paid by STV's brief programme called *NG*. It is a three-and-a-half minute film which uses Kenny Everett to demonstrate the qualities of a new submarine cable system. Unfortunately, however, one is left with the distinct feeling—that Kenny Everett could not really care a tinker's cuss about the subject.

What audiences are seeking most of the time, even in films where the subject alone should be reward enough for the specialist viewers, is stimulation or enlightenment. As *Diaghilev* said, surprise me. Or at least show me something which, in its familiarity, will

audience, and sponsors Smith Kline and French may not care a jot what I think of their film. But this demonstration of the techniques used in conducting endoscopic searches (that is, using optical probes to see inside the body) is both fascinating and intellectually impressive.

It is not merely the superb photography as we enter various regions of the intestinal tract, but also the skilful ad lib commentary of the surgeon—explaining how, by a flick of the wrist here and a twist of the endoscope there, the probe can be manoeuvred round U-bends in the plumbing system. Shame, though, that the extensive film credits omitted the name of the sporting patient who had this device pushed down his throat.

Regular readers of this column may by now have

## FILM AND VIDEO

BY JOHN CHITTOCK

detected a strange aberration from my usual depressed state about the standard of British sponsored films. It is true. I found little in the British films at Brighton to feel sad about, and much to praise. Perhaps I was helped, like so many delegates, by a presentation during the festival by Mr. Will Anderson, chairman of the U.S. Industrial Film Festival.

Mr. Anderson staggered his audience with some statistics about American sponsored films, such as 16,000 made in 1979 (a decline from the 18,000 in 1974). He then went on to amaze his mostly British audience even more by showing two of the best from the recent U.S. festival. They were pure schmalz; professionally pristine, but without heart or soul.

This opinion seemed to be general and perhaps enabled us all to put the British films into a better perspective, including another medical film (but a popular winner) made in the TV documentary style that is a British preserve—the Central Office of Information's *Inside Vice*. Made for the Foreign and Commonwealth Office to show British achievement in visual investigation techniques, this won the Financial Times Export Award for the film most likely to promote overseas sales.

Another British favourite, owing less to technical change and more to outstanding professional control, was the Building Societies Association film *Some*.

*Some*. This is pure schmalz, a romance between a Walter Mitty couple whose fantasies are beautifully staged, sensitively performed. They end up, of course, marrying, getting a mortgage and coming down to earth in a very ordinary terrace house that is still like heaven. A charming film that could have gone hopelessly wrong if overplayed.

I have saved the best—at least, my own favourite—for last. British Airways' *LRH 24 Hours*. The title is another way of saying one day in the life of London Heathrow. In a clever imitation of cinema's *Paris* (because some scenes are almost certainly acted, although most appear to be pure documentary), this is a sponsor's honest attempt to show every side of his business. No hints are barred, no punches pulled, even down to the little American traveller who thumps the check-in desk and shouts "I'll sue you."

## Playful

This film is most important of all, funny—because it shows the human weaknesses of the organisation and its customers, but in a playful way that one can only admire and enjoy, as with the stores' supervisor who tells a steward, "we're out-of-sorts today—you'll have to be your fingers."

Thank you British Airways for making my festival at Brighton so complete.

# Much praise for Willie Carson

FEW PEOPLE outside the West Hales camp can have been more heartened by Willie Carson's remarkable run of success in the past few weeks than Claude Duval. For this man, Duval's latest book—*Willie Carson: A Biography*—reached the bookshops.

A follow-up to Duval's

his first riding lessons at 100 an hour, right up to the start of the current campaign.

According to Duval, Lord Derby is Willie Carson's greatest admirer. There is little reason to doubt the author here, for in Chapter 4, entitled "You Always Have a Good Laugh with Willie," Lord Derby has this to say: "I am unashamedly a great Willie Carson fan. I think he's a frightfully little nice man. He's one of the great jockeys—the complete gentleman. We've never had a cross word."

"He's a natural horseman."

I'm still thrilled that I gave him his first real chance in racing. Ever since then his career has jumped on by leaps and bounds.

A few pages further on Mick Ryan sums up Carson's time and career with the late

Bernard van Cutsem, to whom Ryan was assistant trainer for three years: "When he was with us, if he went two days without a winner, he was like a caged tiger."

"With his low weight, he had to be champion jockey ooo ah. He always won on horses that he thought he won't win. But every now and again, he would win on horses who simply had no right to win. They were beaten horses until he got to work... that's the hallmark of a genius."

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## RACING

BY DOMINIC WIGAN

biographies on Lester Piggott and Pat Eddery, this is, in my opinion, the author's most readable book yet, despite a good many irritating inaccuracies and a tendency to hero-worship.

In its 160-odd pages, the Sun's racing correspondent traces Carson's life from his earliest days in Scotland, where a gipsy pony provided him with

ATV  
9.45 am Above the Horizon, 10.05 Morning Cinema, 10.15 am City, 10.30 am News and Weather, 10.35 am Today, 10.40 am Sports, 10.45 am Today, 10.50 am News, 11.00 am Today, 11.05 am Sports, 11.10 am Today, 11.15 am News, 11.20 am Sports, 11.25 am Today, 11.30 am News, 11.35 am Sports, 11.40 am Today, 11.45 am News, 11.50 am Sports, 11.55 am Today, 12.00 pm News, 12.05 pm Sports, 12.10 pm Today, 12.15 pm News, 12.20 pm Sports, 12.25 pm Today, 12.30 pm News, 12.35 pm Sports, 12.40 pm Today, 12.45 pm News, 12.50 pm Sports, 12.55 pm Today, 1.00 pm News, 1.05 pm Sports, 1.10 pm Today, 1.15 pm News, 1.20 pm Sports, 1.25 pm Today, 1.30 pm News, 1.35 pm Sports, 1.40 pm Today, 1.45 pm News, 1.50 pm Sports, 1.55 pm Today, 2.00 pm News, 2.05 pm Sports, 2.10 pm Today, 2.15 pm News, 2.20 pm Sports, 2.25 pm Today, 2.30 pm News, 2.35 pm Sports, 2.40 pm Today, 2.45 pm News, 2.50 pm Sports, 2.55 pm Today, 3.00 pm News, 3.05 pm Sports, 3.10 pm Today, 3.15 pm News, 3.20 pm Sports, 3.25 pm Today, 3.30 pm 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## THE ARTS

## Festival Hall

## Philharmonia

by DAVID MURRAY

The Philharmonia concert on Sunday under Lorin Maazel formed a pendant to their recent cycle of Mahler's symphonies, bringing forward the two orchestral song-cycles, *Die Hamlet* and *Die Lorelei*, both by the American tenor Kenneth Riegel. *Die Lorelei* was a song cycle by the American tenor Kenneth Riegel. *Die Lorelei* was a song cycle by the American tenor Kenneth Riegel. *Die Lorelei* was a song cycle by the American tenor Kenneth Riegel.

The vocal freshness of Miss Murray's timbre added a special poignancy to her interpretation, and almost concealed the sophisticated ease with which she met the vocal challenges of the work. Maazel's accompaniment had the expected touch of discretion in every point, precisely made, and he treated his soloist with generous sympathy. *Die Lorelei* requires a voice of broader authority, and in principle Yvonne Minton's is ideal for the work. But this was an unlucky evening for her—she is after all in the middle of the run of *Persuasion* at Covent Garden; her assurance was perhaps dented by a sad lapse in the fourth song, and in

several places she slipped uncharacteristically below pitch. That admitted, there were nevertheless marks of great distinction in what she did. By design or by accident of personnel, Maazel's *Die Lorelei* was one that offered only qualified solace. Riegel's urgent singing had an apt edge of shrillness in the first song which enabled him to penetrate the orchestral wall with unusual success, but guaranteed that the moments of rapture despair would count for more than the visionary musings. In those later passages and elsewhere later, the Philharmonia strings offered only a muted luminosity—though everywhere the wind solo was so beautifully taken as to deserve paragraphs to themselves. Miss Minton made the second song a study in desperate weariness (certainly intentional, for later the outburst at "O Schönheit!") was delivered with heart-wrenching passion). The scherzo movements were not allowed to lighten the mood much; then much of the finale was enacted in numb stillness (Miss Minton's narrations indifferently quick) until "O Schönheit!" and the funeral march, which Maazel shaped powerfully to make an unambiguous conclusion—"Die Liebe Erde..." became a pure epilogue, not a final transformation. The amplitude of expression was constrained, though the whole reading was ripe with consistent and full of illuminating detail.

## Haymarket Studio, Leicester

## Errors

by ELIZABETH FORBES

Leicester University, in association with the Midland Bank and East Midlands Arts, last week gave four performances of *Errors*, a new opera based on Shakespeare's comedy, by Andrew Wilson-Dickson, the young Leicester composer whose previous opera, *Strife*, and the *Green Knight*, showed great promise. With *Errors*, a work scored for chamber ensemble and lasting about 100 minutes with one short interval, Mr. Wilson-Dickson consolidates that promise, and shows real dramatic feeling for pace—a virtue that so many budding British opera composers conspicuously lack.

Shakespeare's play has been expertly filtered by Roger Ward, who also adapted and designed the fast-moving production in the tiny Haymarket Studio. The text concentrates on the main plot, the confusion between the two sets of twins and their eventual recognition of each other and reunion. Mr. Wilson-Dickson sets the words in a heightened form of speech-rhythm, which flows briefly into arias, as in Antipholus of Syracuse, and in the world of a drop of water that in the ocean seeks another drop. Adriana—wife to Antipholus

of Ephesus—has a full scale aria after her rejection by the husband who desires all knowledge of her. The two Dromios are characterised by rock or jazz rhythms, while the older or grander personages, like the Abbess and the Duke, have a slower, more measured tempo. The composer, as he admits in a programme note, is "awakening to the dramatic potential of... ensembles," and exploits this new device most skilfully. In several quartets and a splendid finale. The opera is scored for seven instrumentalists, three wind and three string players, most of whom double on a second instrument, and electric piano, played on this occasion by the composer, who also conducted the excellently prepared performance. The Antipholus twins were sung by Rodney Macann (Syracuse) and Michael Rippon (Ephesus), respectively gentle baritone and choleric bass. The Dromios, tenors, were Max Doherty (Syracuse) and Richard Stone (Ephesus). Patricia Garrabone (Luciana) and Janne Martyn (Adriana) had nicely contrasting soprano roles. Roger Hardwick's set, lit by Chris Ellis, made clever use of silhouette effects.

## Wigmore Hall

## James Atherton

by DAVID MURRAY

The young American tenor James Atherton made a striking impression in Haydn at Glyndebourne last summer, and on Saturday he renewed it with *Idiot*. The voice is intrinsically exciting; though he has adapted it to the high tessitura where lightness and flexibility are expected, it has the power and vibrancy associated with a more secure range. Under pressure, the burnished gleam of his tone positively glows—he let rip triumphantly in Schubert's "Mein" and Duparc's "Phidyle" and one could imagine how his Pedrillo and even Meneghetti's "Simpson" must ring out in the last for a time one thought that presentation and a sharply etched line were going to do duty for variety of colour, but the later reaches of his recital revealed fresh tonal subtleties too.

In short, his natural instrument seems to have been professionally developed, even engineered, to a peak of brilliant efficiency—almost too good to be true (though he settled for the bottom edge of top notes often enough to confirm one's suspicion that the voice began much further down). He has a taste for uncommonly quick tempi: "Mein" and "Der Museusohn" too were dazzling races, with virtually no loss in

springing precision or the elegant line. Inwardness of expression does not figure in his armoury: Lensky's aria from Eugene Onegin lost much as a gabbling confession, rather brisk, with no sense of melancholy self-assessment. The French songs lean overmuch to extrovert candour, too, though that may have been enforced by his obstreperous heavy accompaniment (basses like Brahms!). Levering Rothfuss had supported him with refinement and beautiful keyboard-balance in Schubert, but seemed quite out of sympathy with the French. A generous group of Charles Ives songs was done with enormous zest, and there was particularly imaginative singing in the neo-academic St. Elizabethan Songs of Dominick Argento (technically showy, harmonically flaccid). Atherton's presentation has its own risky style: every song is expressively enacted through the face, histrionically explicit, something I thought no male singer could get away with in "Lachet und Weiden" or "Ganymed," but he did. It suggests 19th-century tableaux vivants, but the trick is turned with panache, and always sustained through the last note. "Operatic" would be an insufficient description; imagine rather a Tinseltown Taylor endowed with boyish good looks.

## L'Empress

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Buffet lunch for both Members and Non-Members  
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Dinner (only for Members) English, European,  
American and Oriental cuisine



'Pilgrim at the Gate of Idleness' by Sir Edward Coley Burne-Jones

## Roy Miles

## Viva Victoria

by ROY STRONG

Few of the periods in British painting are so confusing and rich as the Victorian and Edwardian ages. The sheer quantity and quality of the surviving pictures, plus the unbelievable diversity of their subject matter renders many of them still terra incognita, in spite of the labours of scholars who have established what amounts to an industry on the subject. Yet we still lack definitive works on W. P. Frith, John Frederick Lewis or Alma-Tadema, to name but three, while the study of subject matter is still in its infancy. The imperial theme, the portrait and the vision of classical antiquity for example, have still to be anatomised. But at least our appreciation of their achievement is at full flood, as the prices fetched for any major picture bears ample testimony.

As it was an age of intense nationalism it is only natural for us to focus our attention on our own native painters. Apart from them our interest has always stretched to a more than generous obsession with French 19th century art, but never to Italian. So it is that Roy Miles's *Viva Victoria* sets out to be doubly imaginative by trying to focus on the relationship between England and Rome during the period 1870 to 1880. The idea is a good one but inevitably many of the items set the net, although it does enable us to gain a glimpse of the work of one or two Italian artists working in the post-Risorgimento period when they were striving to create a national school. I freely confess my ignorance of these painters. As a young visitor to Italy painting tended to end in about 1700 with allowances for Venice in the shape of Guardi, Tiepolo

and Canaletto to take us on through the 18th century. How many of us ever climb those stairs to the top floor of the Palazzo Pitti to see the Italian moderns or, in Rome, make our way to the Galleria di Arte Moderna? So there is a degree of pioneering here in placing side by side with the work of our own artists, pictures by painters who watched with interest developments in England.

Edoardo Giotto was influenced by the Pre-Raphaelites and under the impact of Burne-Jones and William Morris set out to design whole interiors. Here he is represented by three portraits and a study of lizards. Innocence, the head of a blonde girl, shows him with that competence in draughtsmanship and in the handling of paint that leads in a direct line of descent to Pietro Annigoni. *Almond Blossom*, another blonde girl, so epitomises in its treacly sentimentality everything those of us brought up under the triumph of the modernist movement have been taught to despise that it is extremely difficult to judge it objectively. It is pure chocolate box, the perfect accompaniment to Matisse's *Le Fugitif*. Fabbi's *The Selling of the Slave Girl* is unadorned soft porn, relieved only by two striking heads in the background and by the thought of how much Fellini's vision of the Roman decadence must owe to this kind of painting. Of the Italian contingent, therefore, the Paris-based Ulisse Caputo's *The Interval*, recording the encounter of two fashionable women, is by far the most impressive, with its echoes of the Impressionists and of the chic world of Boldini. Helleu and Sargent. Perhaps the time has not yet come for us to understand this particular

type of painting and I feel that is would need a carefully selected and edited major exhibition to introduce us in depth to any appreciation of it.

I would also add that although it was imaginative it was also unfair to exhibit them side by side with some very major Victorian pictures. Of these pride of place must go to Burne-Jones's illustrations to *The Romanist of the Rose*, two pictures which have not publicly been seen since 1893. The third, *Love Leading the Pilgrim*, is in the Tate Gallery. In the first, the *Pilgrim at the Gate of Idleness*, a figure like Dante is beckoned to cross a castle moat by Lady Idleness; in the second, *The Heart of the Rose*, Love, with vast dark wings like the Victory of Samothrace, leads the *Pilgrim* to the loved one embodied in the rose tree. Both compositions are archaisms in their frieze-like arrangement of almost two-dimensional figures acting on a narrow foreground stage confined by a backdrop of impenetrable trees and a crinellated castle wall. These features also reflect their origins as tapestry cartoons. Together they form a bygone monument to Victorian chivalry, the worship of the lady conceived with almost religious overtones.

Earlier in date but belonging to the same tradition comes Walter Crane's sparkling little panel of *The Seasons*, a group of four women with the dresses and props of Alma-Tadema interpreted by a cross between Flaxman, Morris and Burne-Jones. Crane was only 29 when he painted this essay in pure decoration that anticipates all that was to come. It is not the quality of the painting that impresses but total assurance in the handling of the linear

design as one figure effortlessly leads on to another.

For me the most stunning of all the pictures is one in the Pre-Raphaelite vein by a Liverpool artist, John Lee. *Sweethearts and Wives* (looking towards *Rockferry from Liverpool*) was painted in 1860, at the apogee of Victoria's reign and stands outside the main theme of the exhibition. In its minute observation of detail and brilliance of colour it is directly Pre-Raphaelite but it is tinged with a streak of madness that recalls Richard Dadd. The composition with its use of the cut-off figure of a young sailor comes something to the camera lens. A sailor is coming ashore, stepping up out of a boat to be greeted by his sweetheart (or wife). Between the two figures we glimpse one looking down on to the child his wife has borne him in his absence. On the quay two other girls quiz another. This is a pure Victorian idyll of brave British tars and their virtuous loved ones. Lee's debt to the famous Crimean War canvases, *Eastward Ho! August, 1857* and *Home Again, 1858*, is obvious.

In all *Viva Victoria* offers us some 40 paintings in which the diversity of vision remains a constant surprise. At one moment it is the calm of a summer's day in the garden, by Marcus Stone; at another a fantasy of girle magazine banality such as John Collier's *The Pharaoh's Harem*; or we can be brought up sharply by the virtuosity of Richard Redgrave's sunlit woodland glade; or the mannerist eccentricities of Lord Leighton's *Lieder ohne Worte*, in which a girl dreams away while water trickles into a minute pitcher.

## York Festival

## On the fringe

by WILFRID MELLERS

York, with its multiplicity of fine buildings of many periods, is a splendid city to house a festival: this year's is on a generous scale, and if less sharply focused than some earlier festivals, succeeds in offering something for almost everyone. Of the major Minister-orientated concerts I'll write later, here I'll comment on events that seem peripheral but aren't, since they give the festival its character.

The director has had the more than dimly illuminating notion of a number of candle-lit, late-night recitals in York's medieval churches; one series, by artists to whom I must honestly "declare an interest," provided my richest musical sustenance in years. The Fitzwilliam Quartet, being resident in the University, has local affiliations, while having also achieved an international reputation—especially through their medal-awarded recordings of a number of Shostakovich, whose extraordinarily simple and simply extraordinary 11th they included in one of these programmes. What I hadn't altogether anticipated was the mastery of their performances of some of the supreme works in the repertoire. Their mastery of the "morphological" structure of Beethoven's opus 132 never faltered; never have I heard the Hymn of Thanks-giving sound more sonorously sublime. Similarly Schubert's quintet, with Moray Welsh as second cello, resonantly bloomed. The massive first movement didn't flinch in confronting regression with aggression; the Edenic slow movement transported us "out of this world," even though its middle section scared the wits out of us; the corymbic scherzo reaffirmed the physicality of the earth, only to juxtapose it with the mysterious forces of the very slowly, with darkly brooding symphonism. In comparable evocation the superlatively jolly yet near-frenzied rondo-finale simultaneously disturbed and beamed.

Setting and acoustics contributed, too, to the affecting quality of a fortepiano recital by Richard Burnett at nearby Benningbrough Hall, recently nobly restored by the National Trust. The entrance hall, lofty but not too wide or deep, was precisely appropriate to Burnett's 1826 *Graf*; which didn't enlarge my experience of Haydn but proved revelatory in Beethoven's *Moonlight Sonata*; not merely in the first movement's pedal effects, but also in the last movement's tempest flourishing reputation.

## Prince Charles to attend Armstrong anniversary concert

Prince Charles is to attend this year's Louis Armstrong Anniversary Concert at the Festival Hall on Monday, July 7 at 8 p.m.

Three of Britain's top trumpeters and their bands will pay tribute to Armstrong, who died on July 6, 1971. They are Humphrey Lyttelton, Alex Welsh and Digby Fairweather. Special guest is American

clarinetist Peanut Hucko, who for several years played in Armstrong's All-Stars. Prior to that he was a member of Glenn Miller's Army Band and for some years subsequently led the Miller "ghost" band.

The concert is being presented by promoter Michael Webb, and is in aid of the National Trust. Tickets range from £6 to £1.50.

## Television

## One Hundred Great Paintings

The first week of BBC2's *One Hundred Great Paintings* has proved that it is still possible for television to find ideas that are entirely new and very good. It seems fair to say so after only five of these hundred ten-minute programmes because none to the four presenters we have seen so far, describing paintings in five different collections, has ever been less than engaging.

Unlike almost every other fine art series this one does not rely upon chronological sequence for narrative strength. Instead Ed Mullins, evidently the moving spirit of the undertaking, has chosen weekly themes, the first of which, "The Magic of Light," could be described as virtually anything. Hence he might have picked five of the best programmes for a flying start.

Yet considering the plums to come (David Rockney on Van Gogh's "Cafe Terrace at Night" on Thursday this week for instance) it does look as though he went, rather, for sheer variety, and immensely impressive that variety has been. Mullins himself is familiar to us and it is right that he should be at the centre of the series because he is one of the most articulate and pleasing speakers about painting that television has found so far. It was foreseeable that George Melly would contribute his enthusiasm and knowledge about surrealism and good to find such a modern movement included so early in the shape of Magritte's eerie and fascinating night-and-day picture "The Empire of Light."

But Robert Rosenblum who expatiated so vigorously on Rothko's banal and uninspiring rectangles (even Rosenblum, doubtless unwittingly, acknowledging their meaningless emptiness by associating them with "cosmic ultimates") and Alistair Smith, who presented

the very first programme which was devoted exclusively to Caravaggio's "Supper at Emmaus" into which he seemed to have endless interesting insights, were completely new to me. It is already clear that this is going to be a tremendously valuable and indeed compelling series.

However, there are two complaints to be made. The first is that the programmes are being thrown away as time fillers anywhere between seven and eight o'clock, a ludicrous practice which will deny them the maximum regular audience they deserve.

The second arises from the fact that no artist throughout history has ever painted a picture in the hope that the

onlooker will concentrate initially on a detail. All artists create their paintings in the expectation that they will be seen entire by the viewer. To stifle that expectation by using the camera at the outset to hide some of the painting is an unforgivable piece of editorial arrogance valuing the programme maker's judgment above that of the artist.

Often *One Hundred Great Paintings* does allow us initial sight of the whole canvas, but not always. There should have been an unbreakable rule allowing us to see the entire work first. Despite that it is still the most invigorating and original series on painting for ages.

CHRIS DUNKLEY

## Ronnie Scott's

## Art Pepper

American alto-saxophonist Art Pepper, for long associated with the so-called West Coast school of jazz, mainly through his periods in the bands of Stan Kenton, is enjoying something of a re-birth following extended periods of inactivity caused, as "they" euphemistically say, by "personal problems." Now 54 and his disturbing autobiography having seemingly cleared his persona, Pepper is increasingly being vaunted as the major altoist of the day. Listeners have until Saturday to check for themselves at Ronnie Scott's but judging by the two sets I heard last week such claims are not extravagant.

The sinuous melodic lines Pepper so adroitly traces, his tone and vastly creative improvisations leave no doubt that he is a musician of immense stature. His technical command can be taken for granted but what impresses most of all is the depth of his playing. He

can take a familiar tune such as "Over the Rainbow" or "Caravan" and freshen it up without resorting to gimmicks. His imagination is fertile, his melodic sense hugely developed.

Pepper's style can be described as containing something from Charlie Parker plus something from Lee Konitz which is mixed with his own individual approach, the gem of which is a wide dynamic range. The altoist is accompanied by his own rhythm section which provides exactly the right support for his resolute playing and which hardly put a foot wrong all night, apart from some insecure four-bar exchanges between bassist Tooy Dumas and drummer Carl Burnett at the conclusion of an exhilarating "Avalon." The trio is completed notably by a Bulgarian-born pianist, Milcho Leviev.

KEVIN HENRIQUES

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## Not just at the summit

THE economic summit meeting in Venice was preceded by a flurry of recriminations between the participating countries. Was Chancellor Schmidt of West Germany preparing to undermine the NATO position on the modernisation of theatre nuclear weapons on his forthcoming visit to Moscow? Or had the European Community upset the U.S. by its recent declaration on the Middle East? Yet, in the event, the meeting ended on a note of unity and even amity.

## Afghanistan

Agreement in principle on the major issues of the day—energy, inflation and security—was only to be expected. The forces which hold the industrial democracies together are much stronger than those which pull them apart. There is, in fact, a shared belief among the participants that they must either hang together or hang separately. Not one of the countries involved is seriously challenging it: not even France, whose opposition to the Soviet invasion of Afghanistan has been consistently sharp. The Venice meeting survived the sudden Soviet offer of a partial troop withdrawal without in any way being tempted to believe that the basic situation had changed.

What is disturbing, however, is that it should require a summit meeting for the unity to become obvious. The gathering in Venice was the sixth of its kind so far. Each has ended with a general understanding on a common approach to shared problems only for the bickering to break out again shortly afterwards. The impression given is that unity is a last resort rather than a first priority.

## Authority

It cannot be that the meetings are inadequately prepared. It would have been impossible, for example, for the heads of government in Venice to have issued the detailed statement on energy without a good deal of work having been done in advance by officials. In practice, the statement is a compilation of and supplement to agreements that have already been reached in other bodies such as the International Energy Agency and the European Community. It is none the less welcome for that. The purpose of the summit is presumably to confer the highest possible authority on

allied decisions, whether or not those decisions are new.

Yet the question remains of how to maintain momentum between meetings. The language of the Venice statement is stark. It speaks of the reality of even higher inflation and the imminent threat of severe recession unemployment in the industrialised countries "as well as of the virtual destruction of the prospects for economic growth in the developing world. Those words must be meant to be taken seriously. But it will be difficult to do so if the participants begin quarrelling again and suspecting each other of independent initiatives once the summit is out of the way.

There are some genuine reasons why the relationship between Europe and the U.S. is no longer as easy as it was. There has been a shift in the balance of power within the alliance. Europe has become economically and politically stronger and the U.S. relatively weaker. President Carter came to office renouncing a global role for the U.S., though he appears to have changed since Afghanistan. It is not surprising if these circumstances that there should be room for misunderstandings. Nor does Europe make it easy for itself when it calls for American leadership, then seems to reject it when it is offered.

## Cooperation

Yet these are the very tensions of which beads of government need to be aware. They cannot expect the case for unity to be preached from the bottom, nor by politicians less active in foreign affairs. It is the example set at the top that matters. Unfortunately, one cannot say that in the past year or two it has been very good, the frequent recriminations between Chancellor Schmidt and Mr. Carter being the most conspicuous lapse.

The Venice meeting will turn out to have been worthwhile if the unity that has been produced on paper is preserved in practice. The economic summits so far have looked like exercises in patching up problems rather than a continuous process of improving co-operation. The irony is that behind the scenes co-operation has undoubtedly become better. It is a peculiar approach to government to acknowledge this in private, but to quarrel in public. If unity is worth having, it is worth demonstrating—not just at the summit.

## Gold points to deflation

IF THE market in gold were like any other market, its price should be rising strongly now. Production has been falling, despite the very high rolling prices, which have made it possible to exploit extremely lean ore very profitably: mining output in the non-Communist world is down by nearly a quarter over the last decade. Official gold sales, mainly by the USSR, the U.S. and the International Monetary Fund, which peaked last year and met nearly a third of private free-world demand, appear to be falling sharply. Political and industrial conditions in South Africa are now more uncertain than for a considerable time past.

## Sensitive

Nevertheless, the gold price, though it has risen substantially in recent weeks, is still well below the peak reached a few months ago; and this must on the whole be seen as a reassuring sign. The very detailed analysis provided each year by Consolidated Gold Fields underlines again a familiar fact: the gold price is highly sensitive to political and inflation fears, which at crisis points dominate all other factors in the market.

Private hoarding and investment demand for bullion and coins is extremely volatile. Private holders were net sellers of bullion and official coins to the tune of 50 metric tons annually in the four years up to the 1973 oil shock. In 1973 and 1974 they purchased a total of nearly 1,400 tons. In the following four years this demand fell back to an average of 350 tons annually, only to rise again to 740 tons last year.

## Unrewarding

The signs of overheating in the world economy last year were of course only one factor. The researchers feel that the U.S. action in blocking Iranian financial assets was a major influence. It seems, too, that the rapprochement between the U.S. and China had its own effect: shipment of bullion to Taiwan reached 68 tons, four

times the total in the previous year. The gold barometer seems sensitive to turbulent conditions almost anywhere.

The relative calm of the market recently cannot, alas be read as signalling a sudden onset of sunny political conditions; but it does show how far the investment market has been impressed by the determined monetary action now being taken to check inflation. It is at times like these, perhaps, that investors remind themselves that gold can be a relatively unrewarding holding over long periods. Indeed, since the mid-1970s, when the peak price was a mere \$200, an investment in D-marks or Swiss francs has outperformed gold.

The existence of very large stocks of gold manufactures in small personal holdings has also proved an influence in the gold as in the silver market during recent months. A major factor now depressing demand in the jewellery market, which is causing a minor industrial slump in Italy, is attributed in the report to the very large trade purchases of second-hand gold jewellery last winter. The gold market, unlike the silver market, has been able to absorb this self-off relatively easily, but clearly little old ladies have a formidable sense of timing.

## Reserves

In the long term, of course, the trend of the gold price is likely to remain upwards; gold-holders may well be right to be sceptical about the long-term effect of the present battle against inflation. All the same, gold is normally an unrewarding speculation during a recession, and that pattern seems likely to hold. Perhaps the most interesting function of gold in the period immediately ahead will be its revived role as a major component in international reserves. When there are repeated warnings of the difficulties of financing payments deficits, and a new pattern of deficits is emerging, it seems unlikely that the two super-powers will remain the only countries which are willing to mobilise gold held officially.

## Time runs out for Britain's microchip producer

BY GUY DE JONQUIERES

ONE AFTERNOON recently a group of Westminster MPs were to be found squinting intently at two strangely shaped devices passed around for their inspection by a visiting U.S. businessman.

One was a tiny black and gold strip fitted with two rows of prongs and resembling a kind of mechanical insect. The other was a highly-polished metallic disc a few inches in diameter, the surface of which was engraved with intricate hieroglyphics.

The two exhibits were a prototype microelectronic memory and a silicon wafer containing several dozen raw microchips. They represent the first tangible results of the £25m which the British Government has so far injected into Immos, the National Enterprise Board's micro-electronics subsidiary.

## Sir Keith wants private investors to join in: so far, there are no takers

The businessman who produced them is Dr. Dick Petritz, Immos' president.

Dr. Petritz's dry professional manner belies a passionate faith in Immos' technological innovation and a Texas-sized ambition for its commercial success. He is convinced that the company's products are world beaters and that it and the British Government can make a killing by getting them on the market before its competitors catch up.

The type of chips which Immos plans to make will contain the equivalent of more than 100,000 transistors. They will be "standard" chips, manufactured in very large quantities and suitable for a wide range of applications in computers, telecommunications and industrial controls.

Independent forecasts suggest that the market for them is on the point of take-off and will develop at a dizzying speed over the next few years. By 1984, it is estimated, it would be worth as much as £3bn a year worldwide.

But time is running out for Immos. Its request for a second

£25m in Government funding, which it needs to build a UK factory, has been blocked in Cabinet for six months. Dr. Petritz has told the NEB that there must be a decision by the end of this month if the plant is to be built at all. Otherwise, he has hinted, he and his colleagues may consider decamping to the U.S., where they are confident of getting private backing.

The bulk of Immos' budget has so far been spent on a research centre and production facility in Colorado Springs, in the foothills of the Rocky Mountains. This is consistent with the original master plan, which envisaged that Immos' initial technology would be developed in the U.S. But it also means that if the project were terminated now, the only assets that the Government would be left with would be a cluster of buildings and some machinery on the other side of the Atlantic.

The main obstacle delaying a decision has been a bitter dispute over where Immos' UK factory should be built. A majority of ministers, backed by MPs on both sides of the House, believe that it should be located in a region of high unemployment where it would create some 3,000 new jobs. Specifically, most members of the Cabinet favour Cardiff.

But Immos' founders have set their sights on the more bucolic pastures of suburban Bristol and refuse to be budged. They argue that the silicon "superstars" which Immos has attracted want to wake up in the morning to vistas of rolling hills, not to a grey industrial landscape. In any case, the company has already picked out a suitable site where it is ready to start construction.

Impaled on the horns of the dispute is Sir Keith Joseph, the Industry Minister. He appears to have overcome many of his initial misgivings about the venture's technological merits. But he seems constrained by his own ideological distaste for dirigiste policies from ordering Immos to choose a location other than Bristol. He would also clearly like private investors to take an interest in the project.



Dr. Richard Petritz, president of Immos.

Despite efforts by the NEB to interest private investors, there have been no takers so far. The General Electric Company (GEC) has snuffed the project over. But its decision not to proceed further can hardly have impressed other potential investors with the venture's commercial prospects.

The City, for its part, has long been sceptical. "It is truly extraordinary," one City analyst mused recently, "that the Immos people should have walked in off the street three years ago and persuaded the last Government to back a totally unproven idea which had 'high risk' written all over it."

Some might see this as a classic case of short-term thinking by the City. But it is also true that Immos has yet to show that it can fulfil its promises. It has not even begun to send out to industrial users for evaluation its first planned product, a 16-K electronic memory due to be introduced next September. Nor is there any firm evidence yet that it can achieve its goal of becoming profitable and financially independent by 1983.

Even some of Immos' backers believe that the time has come to take another hard look at the project. Dr. Ian MacKintosh, a leading electronics consultant who advised the Government to support Immos, believes that it should be asked some searching questions about its performance to date. Only if it is shown to be on target should it be given a second £25m, he says.

The NEB recently launched an internal review of Immos. The review will determine how far Immos has suffered by the delay in the Government's funding decision. It is also expected to

examine progress made in fulfilling the development schedule and business plan of Immos.

Lack of precise information of this kind was one reason why GEC backed out of the Immos talks. But there were others. According to Mr. Derek Roberts, GEC's director of research, the group saw no commercial logic in taking over an operation whose purpose was to make standard chips in quantity for the world market.

He says: "Each new generation of standard chip has been pioneered by a different manufacturer. If, in the longer run, we needed products which a captive chip-maker could not provide, we would be in an extremely difficult position. Either we would put impossible pressures on our own people or waste our investment by buying outside."

Mr. Roberts believes that when GEC needs to make its own chips, it should buy the technology selectively from other companies. It recently signed an agreement with Mitel, a fast-growing Canadian company which has developed a process for making specialised integrated circuits called ISO-CMOS. It is also believed to be discussing similar deals with other North American companies.

This approach is, however, in sharp contrast to GEC's strategy until recently. Only last summer it announced that it was launching a joint venture to manufacture chips in large volume in the UK in partnership with Fairchild, a major American integrated circuit manufacturer. There now is some question about whether that project will go ahead as planned. Both GEC and Fairchild are

coy about the future of the venture, which was to begin production this autumn. But it is understood that it is currently being reassessed, both in the light of changes in GEC's own thinking and of the emergence of problems in the American camp.

Fairchild, which has undertaken to supply the technology for the operation, recently said that it might be unable to deliver it on time. It is unclear whether the threatened delay is directly linked to the wide-ranging internal shake-up which has occurred at Fairchild's headquarters since the concern was taken over by Schlumberger, the French oil services company, last autumn.

Soon after the take-over Fairchild's British-born president, Mr. Wilf Corrigan, who was personally committed to establishing the joint venture, left the company. Meanwhile Schlumberger, which has never gone out of its way to encourage curiosity about its far-flung international activities, has given no public indication of how it views the project.

Whether the uncertainty about the future of the GEC-Fairchild operation improves or diminishes the case for Immos is highly debatable. It is a point which Sir Keith Joseph's advisers are favoured to become with at the moment. Those who doubt whether Immos is needed argue that when GEC and Fairchild opened discussions about 2½ years ago, the strategic case for establishing a major semiconductor facility in Britain was far stronger than it is today.

British industry was then almost wholly dependent on imported chips and vulnerable to sudden shortages on the world market, such as developed for

certain key types of memory device last year. There was also the danger that trade could be disrupted by some form of U.S. embargo imposed for political reasons. With no alternative European source of supply to turn to, British customers could face severe difficulties.

Since then two things have happened to reduce these risks. Several major U.S. semiconductor companies, including Texas Instruments, National Semiconductor, and Motorola, have decided to establish production in Britain. And Japan has burst on to the world market as a big supplier of some of the most commonly-used types of chips.

But others argue that these developments do not remove the case for an indigenous venture of the type Immos is supposed to be. They point out that the business of producing chips has become so tightly integrated that it is impossible to remain in the forefront of technology without being involved in the entire process from initial design to manufacturing.

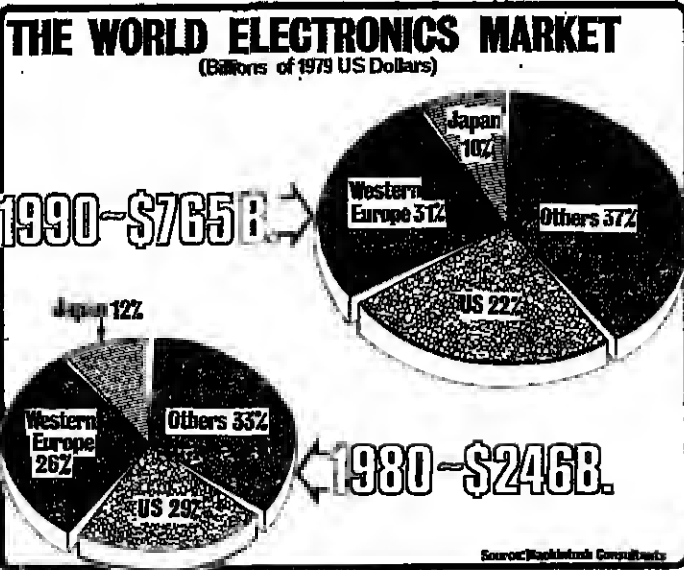
The evidence suggests, they say, that American companies decentralise production but keep the most advanced research and development work in the U.S. The result, they claim, is that American industrial customers enjoy privileged access to the latest technology.

But it is questionable whether Immos, even if it is successful, would do much to change this situation. By general consent any chip-making venture seeking to establish itself internationally must crack the U.S. market. According to Derek Roberts, "that will mean that British customers will have to take their place in the queue. If Immos succeeds, it won't be by doing favours for small British companies."

## "If Immos succeeds, it won't do favours for small UK companies"

It is also doubtful how far British industry's development has really been constrained by its dependence on imported technology. Many experts would argue that its problems lie much more in its failure to exploit adequately the technology which it already has, and that greater emphasis should be placed on supporting the application of microchips rather than their production.

To be fair to Immos' founders, they do not claim that the company offers any magic key to the regeneration of British industry. Their case for continued state support rests largely on their assertion that they have a technology that can win on world markets. But given the politically-charged atmosphere surrounding the project, it seems likely that the Government's eventual decision will turn on issues far more complex and varied than a straightforward assessment of whether that assertion is commercially valid.



## MEN AND MATTERS

## Checking out energy savers

The usual complaint I hear about British corporate executives is that they bring too much work home and then have less time for their personal lives. But Tesco's energy-conscious managing director, Ian MacLaurin, seems to be applying his domestic interests to his commercial activities.

He has for some time been busy with personal projects to conserve energy. So inspired, I understand, that he is about to urge his board colleagues to sponsor a nationwide awards scheme for local authorities which make special efforts to "Save It."

MacLaurin is one who definitely knows whereof he speaks. At his Hertfordshire home he has installed wood burning stoves, double-glazed windows and a specially lined roof. In the Tesco universe, energy saving has also been introduced in a big way. Although last year's group profits dipped by £1.1m, this year the company may help re-

store balance by saving up to one third of its energy costs by using glass doors in the frozen food department, foil curtains in the dairy section and reduced lighting throughout.

Although the Tesco awards programme has not yet been approved formally, the idea is for an eminent group of citizens "to decide upon worthy local councils to receive around £5,000 each for conservation efforts."

Says one of MacLaurin's friends: "I have watched him get involved in genuine energy-saving projects, and he's very serious about self-sufficiency." I understand, though, that he still does most of his shopping at the company store.

## Home from home

For all the grumbling over the Confederation of British Industry's move across London into the Centre Point, month, there is one man with cause to be pleased. This week's change of headquarters places CBI president Sir Ray Pennock plumb in the centre of a key area for personal operations.

Keen as he is on more intimate relations with the unions, who are themselves courting the CBI, Sir Ray will find himself virtually within hailing distance of the TUC base in Great Russell Street. And he is only a short walk from the chairman's office he recently took over in the antiquated former hotel which now houses BICC.

Until last year, when the late Sir John Methven decided to beautify one of capitalism's less acceptable faces by moving the CBI's 400 staff from cramped Tothill Street into the 15-year-old Centre Point, the 30-storey building's sole tenant was a Greek shipping company. Now the confederation is taking over the bottom 15 floors at an eventual cost of £3.5m, sandwiching the Greeks, who remain resolutely ensconced in the fifth floor.

Sir Ray is slotted in on floor 10, while at the top sits the international affairs directorate. This elevation is considered apt by some because it gives the most panoramic and distant view.

## Oliver's Twist

A middle-aged executive who last year launched a school to teach middle-aged executives how to set themselves up in business has taken a leaf from his own text book. Oliver Stutchbury, managing director of the Save and Prosper Group from 1959 to 1973, is back in the unit trust business.

After an only modestly rewarding spin around the political fringe, the millionaire socialist this week launches a new fund to be known as the Dartington Total Performance Unit Trust. Financed with £25,000 each from Federation Mutual Insurance and Dartington and Company—an investment group which functions as merchant banker to the Far West—the new trust will start with an issue of 1m units at 25p.

Stutchbury, who three years ago nosed-dived off the political stage after a jolly campaign to abolish the Greater London Council, still holds strong views on the capital.

He is interested in this new venture, he tells me from his West Country fastness, "because too many investment decisions are taken in London. We in the provinces don't think that it is healthy to make all decisions there."

radically transform life in under-privileged Limerick and Galway.

Shannon, a staging base for helicopters supplying off-shore drillers, has already benefited. But in the event of a confirmed commercial discovery, the 2,000 inhabitants of the fishing village of Fenit near the Shannon Estuary are favoured to become the Aberdonians of Ireland.

Fenit is a landfall close to the drilling areas. In a wild and woolly landscape the living around the village is so hard that even full-time farmers claim the dole just to break even. But Michael Wynnes, managing director of Irish Group Bula Oil, tells me his company, with an 8.3 per cent stake in the BP venture, is optimistic about development prospects.

If there is a commercial discovery, he says, companies will make a dash for the nearest landfall. This means the fishermen and farmers of the area will find themselves surrounded by new industry, port facilities, helicopter supply bases and rough-neck traffic of riggers, and unredeemed of prosperity.

## Beginner's luck?

While no one, to my knowledge, keeps official statistics on corporate track and field events, it is worth recording what was surely a breakthrough in Hackney yesterday, when Lord Limerick, with pace, grace and unburied charm, steered the annual assembly of timber group Mallinson-Denny through the four-minute meeting barrier. Taking the chair for the first time since Sir Fred Catherwood stepped down, he set the meeting smoothly in train. Notice of meeting was taken as read, report and accounts accepted unquestioned, retiring directors returned, auditors reappointed, smiles all round, and a call to take sherry with the board. Three and a-half minutes, dead.

## Emerald oil

The wild-eyed drama and infectious excitement of the oil business is beginning to disturb the peace in the desolate and far-flung Western reaches of Ireland. According to my friends in the Irish oil industry, a find like the one credited to BP and Aran Energy in the waters of the Porcupine Basin (200m barrels of reserve) could

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# Stunning blow to Indian government

SANJAY GANDHI, who was killed yesterday in an air crash, was as nearly indispensable to his mother as any person can ever be.

She is a lonely figure, overshadowed in youth by the towering politician surrounding her father, Mr. Jawaharlal Nehru, and suspicious ever since of potential challenges to her power. Sanjay was the one person in whom she felt she could unreservedly place her trust.

His influence was dangerously strong. His death at the age of 33 is a blow likely to leave his mother personally stunned and to paralyse decision making in a Government that looks to her for guidance.

Beyond this personal aspect is the fact that in the six months since Mrs. Gandhi returned to power, Sanjay had effectively taken on the role of a "Prime Minister" for home affairs, though holding no official post in Government. He had drawn into his hands the control of economic and industrial policy—evident last week in the first full budget of Mrs. Gandhi's administration with its new encouragement for the private sector.

He was in the process of purging the senior ranks of the Civil Service on a scale that risked replacing respected administrators by inexperienced and untested loyalists to his cause. Last month's state elections confirmed his dominance in the Congress Party. Some 60 per cent of the new state legislatures elected on the Congress ticket were his choice as candidates. It is probable that at least half of the Federal Cabinet are Sanjay appointments as indeed are four of the new Chief Ministers in the states where Congress won.

The Government was thus becoming centralised around the personalities of Mrs. Gandhi and her son, on the assumption that Mrs. Gandhi would be the

first to go. Indeed there had been talk that she might step down in two to three years. There is no lieutenant who can conceivably step into Sanjay's shoes.

It should be said that his numerous political enemies will be glad to see Sanjay out of the way. He associated with and brought into positions of influence people undesirable in any administration: men who were widely regarded as corrupt and unscrupulously self-seeking.

He had scant respect for the institutions and values cherished by his grandfather Jawaharlal Nehru and the older generation of officials and bureaucrats: parliamentary de-

Sanjay's death is that it will once again bring into the open the political tussles that were buried by what had seemed the electorate's endorsement of the long-term ascendancy of the Nehru family over Indian life. Without Sanjay to ensure the succession, the republic is potentially back to the squabbles of the late 1960s or of the post-Emergency period, when competing power groups sought to assert themselves. The Sanjay faction is too inexperienced and fragile to avoid challenge by the old guard of Congress politicians and bureaucrats whom it had displaced. Sanjay's vision of a centrally governed India will continue to press on her. But

has plenty of battles ahead and her opponents will pounce on any sign of weakness to expose her if she fails to provide the strong government for which she was elected. It is common place to say that death could not have come at a worse moment. But in real sense this is true. In the six months after returning to office, Mrs. Gandhi—preoccupied by Afghanistan and the insurance in the North East of India—put off key decisions until the state elections were out of the way. The dilemmas posed by the Russian invasion and the challenge from Assam and Tripura to Mrs. Gandhi's vision of a centrally governed India will continue to press on her. But

programme is also required to provide additional capacity and upgrade equipment in all three sectors.

This comes at a time when the Indian Government finds itself strapped for resources. Taxation is already high meaning that there is little scope for more taxation. At the same time rising oil bills and imports of capital equipment, coupled with a much slower growth of exports, are likely to drain the foreign exchange reserves from the buoyant heights of recent years to a perilously low level by 1982-83.

In raising oil and fertiliser prices just before the budget thus making way for a shift of resources from subsidies to investment—Sanjay showed that he had the courage to take unpopular decisions. The budget was also a pointer in the right direction in the incentives it gave the private sector.

It suggested a willingness to break with some of the old shibboleths of economic management in India—restricting the size of firms, for instance, lest the larger houses dominate key sectors of the economy even if the cost is lost exports—or inhibiting the import of foreign technology lest it undermine self-sufficiency in industry. Not too much should be made of this.

But encouraging the private sector, cutting back on red tape and opening up the economy is new territory for Mrs. Gandhi. Her instincts before Sanjay exerted his influence were to adopt left-wing populist measures such as bank and coal nationalisation. Many will soon be pressing her to return to this path.

At other key moments in her earlier Premiership such as the economic crisis of 1973-74, Mrs. Gandhi tended to grow more remote and inaccessible. Her major failing as an admini-

strator has been to postpone decisions until they crowd in on her and she is forced to act. There must be a danger of a repetition of this in the present circumstances. Sanjay— for good or ill—will not be there to jog her elbow.

It is still remarkable that Sanjay was able to achieve the power he did in so short a time. Much of the advice that he gave his mother during the Emergency was wrong-headed. The slum clearance and sterilisation programmes were simplistic ideas, the brainchild of a not very erudite man who was nervous at having his projects debated and contested before he put them into action.

This belief in the efficacy of short cuts was already emerging again in all thought out schemes for generating employment or in hopes that the private sector could perform miracles where the public sector had failed. In some instances it could—but often only by lavish bribes to ensure it got the power and coal it wanted in a way not open to public enterprises. It remained to be seen whether Sanjay would have oversteered himself.

But on political matters Sanjay's judgment proved correct. He urged his mother to contest the Allahabad court decision in 1975 which would have removed her from Parliament; he was right in the event to argue against holding the 1977 election that threw her out of power; he was right again to press her to hold fast against the court proceedings after the Emergency believing that she would emerge as a martyr and be re-elected by India as "Matangi" (Mother India). At the nub of it all was his sense that India was prepared to put its trust in the Nehru family.

The tragedy was that neither mother nor son were willing to



return that trust and to devolve responsibility in a way that the government of India requires. The over-centralisation of power—and the fear that that power was passing into the hands of some of the undesirable associates with Sanjay's movements—were behind many of the apprehensions about his rule. At the end of the day, however, for Sanjay to have risen from a failed school and business career, through numerous financial scandals and the mis-

Without Sanjay India is potentially back to the squabbles of the late 1960s or the post-Emergency period.

ocracy, the independence of the Civil Service and the freedom of the Press. At his best he was an iconoclast determined to get things done, by unconventional methods if necessary. He was impatient of the rigidity of caste, community and bureaucracy that haunt India. It was this belief in the value of action that appealed to Mrs. Gandhi who has also had increasing institutions could bring significant change to India. Sanjay's vehicle for forcing the pace was the Youth Congress movement built up during the Emergency and which, after many twists and turns, has now effectively taken over the party. But it is an organisation whose very success has drawn to it the driftwood of politics, and opportunists who will rapidly peel off if it falters now.

An immediate consequence of

to inertia, although her resilience and determination to fight should never be underestimated. Inside the Congress Party it had been anticipated that the monolithic structure created by Mrs. Gandhi's election victory in January would gradually erode. But the process is likely to be accelerated as the former barons of the party—Devraj Urs, the deposed Chief Minister of Karnataka for instance, or H. N. Bahuguna, earlier deposed Chief Minister of Uttar Pradesh—seek to regain their influence. Changes could extend into the now lifeless Janata party which includes former Congress followers who fell foul of Mrs. Gandhi. In the harsh political world of New Delhi her personal loss will no more save her from attack from party foes than it will from the Marxists in West Bengal or the trade unions. She

decisions on the economy were only beginning to be faced and it was Sanjay who was pointing the direction. The real decline in GNP of 3 per cent for fiscal 1979/80 and the sharper fall in industrial output mark the most serious setback to the economy since the middle 1960s. The cause was more than a bad monsoon coupled with the ill luck of having a weak government in Delhi unable to prevent disruption to industry. The last five years have shown that India's infrastructure—notably its coal, power and rail sectors—is unable to cope with the strains of higher levels of productivity. But rural growth. This is partly a problem of management. The coal and power industries are notoriously inefficient and have been working at ever lower levels of productivity. But also a major capital investment pro-

## Letters to the Editor

### Strategy for energy

From Mr. J. Redwood

Sir—Your coverage concerning the Department of Energy strategy over the last year has been somewhat grudging. Your most recent editorial (June 20) 'damned with faint praise' the gas pipeline scheme which none the less represents one of the most important new initiatives in the development of UK energy policy in a five-year period. Its significance to improve the recovery of hydrocarbon from the North Sea is indisputable and its importance in developing joint private-public sector major investment projects is also of note.

In addition it is worth remembering that in its first year of stewardship the energy team of the Government has avoided becoming involved in detailed regulation of supply especially in the first months of office when there were considerable pressures to intervene with fears of oil shortages. It has succeeded in unleashing the most active period of exploration in the UK sector of the North Sea for some five years and has achieved this feat despite making two major increases in the petroleum revenue tax basic rate which has enhanced the Government's take from the North Sea.

The intervention to raise gas prices which has been most severely criticised was nonetheless imperative in view of the huge disparity between the price of gas and other fuels; the system was only working by a crude form of administrative rationing—as naturally many people wished to be connected to a supply of half price fuel but there was not enough available to satisfy demand.

It is a tribute to the policy that we have not experienced any energy shortage through extremely difficult conditions in oil markets, that there is great enthusiasm for the search round of licences and that all is being discovered almost everywhere on and off shore UK. The welcome relaxa-

tion of controls, the modification of ENOC's role and the rapid progress towards private capital in gas gathering is further evidence of the achievement. John Redwood, 76, Rennie Court, King's Reach, SE1.

### Cigarette hazard

From the Managing Director, Metra Consulting Group

Sir—In his article on May 29, Ronnie Kirkwood correctly quoted our study which established that over a 20-year period, no direct correlation could be found between the total volume of cigarette advertising and total cigarette consumption. I therefore found it odd that in his letter of June 14 the director of Action on Smoking and Health should describe this conclusion as "utterly discredited," while accepting that "no-one is suggesting that an advertising ban alone will make a serious reduction in consumption." Far from being discredited, the report had obviously convinced him on the key question to which we addressed ourselves.

Michael J. Frost, Metra Consulting Group, St. Mary's House, 42 Vicarage Crescent, SW1

### Building roads

From the Director, British Road Federation

Sir—It beggars belief that the Government should be contemplating a moratorium on local authority construction. The effects of the last administration's 1976-77 moratorium were much more severe and much longer lasting than originally predicted. While it is undoubtedly true that such draconian action could reduce the public sector's borrowing requirement, the long-term side-effects are so undesirable and obvious that only a Government in a state of panic could believe the end justifies the means.

In case anyone needs remind-

ing, it is salutary to look at what happened to budgeting and planning in the roads programme following the 1976 moratorium on new road starts. In 1976-77, as might be expected, there was a shortfall of 9 per cent between budgeted English trunk road construction spending and the actual outcome. The next year the shortfall widened to 19 per cent and by 1978-79 had reached 23 per cent. All sensible budgeting and flow planning, window planning was in such disarray that the administration had not the slightest idea of the cash demands of their programmes.

At the time British Road Federation warned of the danger of worsening shortfall. It was not too difficult to predict: a major road contract, costing say £20m may only require £5m in its first year, but £10m in its second year when the engineering requirements are at their peak. The result of a moratorium in year one is to postpone spending of £5m but to disrupt a planning budget four times as big, and to cause a shortfall in the second year of £10m. At that stage the economy will probably need stimulation, not yet further depression—but that is what it would get.

Only now is the Department of Transport acknowledging that it badly miscalculated the effects of the 1976 moratorium. Thus the Permanent Secretary, in evidence to the Transport Select Committee on April 23 said "when you do that [impose a moratorium] with a capital programme it produces difficulties which last a long time afterwards." No doubt the construction industry, the disruption of whose investment plans are usually the last to be considered, as well as manufacturing industry, road users and residents looking forward to road improvements, will hope that this time officials are being more timely in proffering their advice and kill this desperate proposal before it gets any further. A moratorium cannot form a part of any credible or coherent economic policy. It is, in any event, totally

### Taxing capital as profit

From Mr. M. Greener

Sir—It may be true as Mr. Nelson claims (June 12) that accountancy has "done a good deal to preserve the integrity and standards of our business community" but it is equally arguable that the same profession has been a significant contributor, albeit unknowingly, to our economic decline over the past two decades or more.

For as long as I recall, the profession has been speculating as to the best way of accounting for the fall in the purchasing power of money. The only point on which most members appeared to agree was that historical cost accounting was inappropriate in times of rapid inflation. After two decades of dithering the various professional bodies have only recently come up with the jointly supported SSAP16.

This new standard apart from being of necessity an unhappy compromise, has arrived far too late to redress the damage done by allowing the State to tax non-existent profits thrown up by the traditional accounting methods. Furthermore the new standard will be of little real value unless the revised figures which it attempts to show are accepted by the State as appropriate for taxation purposes. If tax is still to be assessed on historical cost accounts then very little has been gained except the admission by figures given in previous years as true and fair were anything but that.

The absurdity of the old system which the accounting profession has stood by for so long may now be admitted but has inflicted on the economy can never be measured in monetary terms. It can only be estimated as running into billions of pounds in terms of economic growth aborted. A clue to the basis of this estimate can be found in a cursory examination of the annual accounts of two major UK companies taken at random.

Year to March 31	Retail Price Index	Sales	Added value	Employment
1977	100	100	100	100
1978	108	124	119	124
1979	119	135	136	124
1980	145	140	131	102

Both for the year to December 1978. If one forgets for the moment the elaborate adjustments involved in the new standard and resorts to older and simpler methods of calculating probable errors then the following points can be accepted as valid. No profit figure can be admitted until the capital employed in

earning that profit has been maintained intact. In ensuring that this is done, it is not unreasonable to take the opening equity capital and, multiplying it by the proper index, arrive at the closing capital equivalent. Any additional share capital raised during the year would be automatically excluded, in so far as the value of capital can only reasonably be stated in terms of alternative uses, the proper index to apply would be the General Index of Retail Prices.

The two companies taken for this experiment are ICI and GKN. Applying the principles outlined in the preceding paragraph it will be observed that if the necessary capital adjustment is charged against the declared profits before tax then the resultant taxable profits will be, in both instances, less than the taxation actually levied on profits. The amount of the shortfall is, in both cases, material. The conclusion must be that capital is being taxed as if it were profit.

If this has been happening to a greater or lesser extent to all business enterprises over the past two decades then it is small wonder that, in recent times, output levels have been seen to be either stagnant or falling throughout the country. It is also not surprising that liquidity problems within industry are approaching crisis levels.

The story is a long and unhappy one. Surely it is reasonable to suggest that if the accountancy profession, despite Mr. Nelson's protestations, did not write it in its entirety it was the failure of that profession to tell that which was true which permitted it to be written.

Michael Greener, 9, Romilly Park, Barry, Glam.

### Muddling on

From the Managing Director, William Kenyon and Sons

Sir—I think you underestimate the adaptability of competent managers (Management mismanaged, June 19). Current cost accounting is no more helpful than conventional accounting when it comes to running a manufacturing business. Either set of figures is in some respects arbitrary. A more practical approach is called for. The concept of added value is a sound one which all who work for a company can understand and accept. The index AV/EG is a way of measuring the fundamental productivity of a business and it takes full account of inflation. The following figures, taken from the actual performance of one of our companies, illustrate the point.

Year to March 31	Retail Price Index	Sales	Added value	Employment
1977	100	100	100	100
1978	108	124	119	124
1979	119	135	136	124
1980	145	140	131	102

Businessmen live in the real world; inflation stares us in the face. It is wrong to imply that we are ignorant, unrealistic or, worst of all, helpless. As to rule of thumb ratios, it is surely the investment analysts who are muddling on. G. C. Kenyon, William Kenyon and Sons, Ghopel Field Works, Dukinfield, Cheshire.

## Today's Events

GENERAL U.K.: Unemployment and unfilled vacancies (June provisional figures). Confederation of Shipbuilding and Engineering Unions conference opens, Winter Gardens, Llandudno (until June 27). Independent Schools annual survey. Mr. Denis Healey, Shadow Chancellor of the Exchequer, at Glasgow Central by-election meeting. Mr. Walter Goldsmith, director general, Institute of

Directors, addresses Conservative Industry Committee, House of Commons, 5 pm.

Overseas: President Garter in Belgrade for talks with Yugoslav leaders—he also visits burial site of President Tito. EEC Transport Council meets, Luxembourg.

PARLIAMENTARY BUSINESS House of Commons: Broadcasting Bill, remaining stages. House of Lords: Tenants' Rights (Scotland) Bill, second reading. Short debate on conditions and time which persons are kept on remand in prisons.

OFFICIAL STATISTICS Bricks and cement production (May).

COMPANY MEETINGS British Northrop, Daisyfield, Blackburn, 12. Eoghan National Investment, 11. Austin Friars, E.G. 12. European Ferries, Gonaught Rooms, Great Queen Street, W.C. 11.30. Lake View Investment Trust, Winchester House, London Wall, E.C. 12.45. Pitney Bowes, The Pinnacles, Harlow, Essex, 12.15. Sear's Engineering, 40, Duke Street, W. 12. Silenight, Midland Hotel, Manchester, 12. UDS, Portland Hotel, W. 12.

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## Courtaulds looks to long-term pick-up

THE NEXT two years will not be easy by any standards, Mr. C. A. Hogg, chairman of Courtaulds, tells shareholders in his annual review.

Although it would be rash to predict an improvement in results in the short-term, he states, the group is "confident of the underlying earning power of the group's business and of its upward trend."

Looking beyond the next year or two, the directors see much better prospects.

Mr. Hogg says the group is determined to achieve better returns on its textile business and, since so much of the capital employed is tied up in the three textile product concerns, a better financial performance as a whole.

In the rest of the business we shall continue to expand.

As reported on May 30, against a poor trading background, the group improved second-half profits from £36.8m to £37.9m and finished the March 31 year with taxable profits of £68.1m (£64m). Sales totalled £1,820m (£1,660m)—exports were £492.9m (£424.6m) and the dividend is £5.62p (£5.36p) net per share.

A divisional analysis of sales and trading profits, £88m (£83m), shows (£m omitted): fibres and yarns 387 (£309) and 32 (£26); fabrics 483 (£458) and 14 (£13); consumer products 344 (£317) and 13 (£15); international 240 (£218) and 19 (£17); British Cellophane 166 (£143) and 14 (£9); National Plastics 40 (£32) and 4 (£3); less miscellaneous 311 (£267) and 14 (£13). The elimination of inter-group sales, and £ loss (nil).

Following current cost accounting principles, pre-tax profits are reduced to £1m (£14m). Additional charge for depreciation would be £49m (£47m) and £48m (£23m) for the replacement of stocks. Adjustments on monetary working capital end on other monetary liabilities less assets (gearing) would give rise to credits of £8m (£3m) and £22m (£17m) respectively.

Outstanding commitments, as at March 31, in respect of uncompleted contracts for capital expenditure amounted to £31.2m (£15m) for the group and £38.5m (£32.1m) was authorised, but was not the subject of a contract.

Shareholders' funds totalled £452.2m against £449.4m. Loan capital was £300m (£285.8m), and bank overdrafts came to £71.6m (£69.4m).

Meeting, Europa Hotel, Grosvenor Square, W. on July 17 at noon.

## Muirhead omits interim after poor first half

ANNOUNCING the expected poor first-half result, Muirhead, maker of electro-mechanical devices and communications equipment, is also omitting its interim dividend. Pre-tax profits for the period ended March 31, 1980, slumped from £331,000 to £29,000 while substantial non-recurring costs will hit the second six months figures.

Sir Raymond Brown, the chairman, says profits for the year will be less than last year's £0.91m (£2.14m), and consideration of a dividend has been deferred until the outcome is known. Last year, an interim of 2.2p net was followed by a final of 1.3p.

The closure of the group's Morden factory and the move of its operation to Beckenham is almost complete, but substantial non-recurring costs have been incurred through redundancy costs and removal expenses.

In his annual statement in February, Sir Raymond said the half-year's result would be poor and the overall year was expected to be difficult. However, he anticipated profit improvements in 1980-81.

He now predicts that the opening order book for 1980-81 will be higher than for the current

### HIGHLIGHTS

Lex looks at the intriguing battle for control of Hong Kong and Kowloon Wharf and Godown which has suddenly broken out between Sir Y. K. Pao, a representative of the emerging Chinese business power in the Colony, and Jardine Matheson, representing the major British trading houses in Hong Kong. The column also analyses the report and accounts published by Courtaulds, the selling textile giant, and examines the profits collapse from electronics data communications systems manufacturer, Muirhead. Elsewhere, Dohson Park Industries has emerged as the bidder for Wolf Electric Tools with an agreed equity offer worth just over £14m. Imperial Group has unloaded its remaining stake in BAT Industries and United Biscuits' U.S. subsidiary, Keebler, to spend £15.4m to buy the pie-crust product range from Ward Foods Inc.

year, but a greater than normal proportion of orders is for long-term delivery.

The recession is making orders harder to obtain and the high level of UK inflation and interest rates continues to put severe pressure on profit margins. He says the 1980-81 results will be heavily dependent on these factors despite the economies achieved, and those which will be sought.

Half-yearly sales improved

from £11.04m to £11.88m. UK trading profits were down £0.38m to £0.76m and losses of £129,000 were incurred overseas, against £23,000 profits last time.

Interest charge increased from £197,000 to £261,000, but debenture interest was little changed at £28,000 (£30,000). There was a £5,000 share of an associate's loss last time.

No tax is payable, compared with a £285,000 charge, and minorities again took £7,000.

## Interest jump and machine tool setback leave Whitecroft lower

A SHARP increase in interest charges and a firm turnaround in losses at the Thomas Ryder and Son machine tool subsidiary led to a reduction in pre-tax profits of Whitecroft from £5.03m to £4.57m for the year ended March 31, 1980. First-half taxable surplus of this textiles, engineering, building and engineering supplies group was little changed at £2.44m, compared with £2.46m.

Losses of £538,000 were incurred by Thomas Ryder, compared with profits of £499,000 last time, but a major re-organisation is being carried out to reduce the scale of its activity and 200 employees have been made redundant. The objective is to return to profit in the current year.

Group sales climbed from £75.57m to £101.48m. Interest payable reached £2.27m (£1.09m).

Engineering profits fell from £1.64m to £1.09m, on increased turnover of £19.97m (£15.78m), while textile products contribution slipped 4 per cent to £2.33m on turnover of £29.6m (£26.14m). But reflecting a full year's

consolidation of Randall's Group results, profits of building and engineering supplies rose from £1.32m to £2.21m, on turnover of £50.95m (£28.55m).

Tax charge increased from £1m to £1.5m, while minorities took £30,000 (£87,000). Extraordinary debits, reflecting losses on re-organisation and closure of subsidiaries, were up from £376,000 to £394,000. Attributable earnings dropped from £3.06m to £1.7m.

Earnings per 25p share were shown lower at 12.88p (20.07p), but the dividend total is kept at 7.7p net with an unchanged final of 5.2p. Payments absorb £1.64m (£1.61m) leaving a retained surplus of £61,000, compared with £1.45m.

Net tangible assets per share were ahead from 116.13p to 126.61p at the year-end.

### comment

With the exception of the Thomas Ryder machine tool division, Whitecroft has done remarkably well. The textile division has managed almost to

match last year's profit in spite of depressed markets for interlinings, finishing sheeting and tough pulp. The builders merchants and DIY shops have all made gains and the Randall acquisition, which was in loss at the beginning of 1979, has contributed about £1m. The company has taken a battering at Ryder, writing off about £1m below the line and abandoning the automobile-dependent market.

Henceforth, it will concentrate on multi-spindle automated lathes where it does well and on industrial lighting. Moorlite made a bigger profit than the engineering division as a whole. Borrowings have grown a little but Whitecroft will look very carefully before spending any money this year. For all the effort, the outlook is nonetheless bleak and the shares unravelling yesterday at 76p trade like most heavy manufacturing industry shares these days, at only 5.6 times stated earnings and on a nervous 15.5 per cent yield.

## Borrowings well down at Grattan Warehouses

Borrowings of Grattan Warehouses yesterday were less than they were a year ago, and the group had no overdraft with £4m on deposit. Mr. J. Michael Pickard, chairman, told shareholders at the annual meeting.

It is not always realised the degree of cash improvements that take place in a small order company and that each year-end position tends to be a high point in the company's borrowings," he explained. At January 31, 1980, the group had overdrafts totalling £18.08m and nothing on deposit.

Current projections would indicate that existing facilities with the company's bankers were adequate to sustain requirements for the next two years, he added.

In April, reporting a dive in profits, profits from £11.25m to £4.45m for 1979-80, Mr. Pickard said borrowings increased significantly during the year, reflecting the debtor and stock levels necessary to support higher sales. However, they were still within the company's facilities.

The cost of borrowing throughout the second half was substantially higher than expected, he added, and the company had modified its planned level of activity for 1980 so that borrowings remained within the existing agreed facilities.

Yesterday, Mr. Pickard reported that sales for the early part of the current year were encouraging but orders during the last 12 weeks had reduced.

"We have deliberately set out to improve profitability in the knowledge that there would be some adverse impact on sales. Part of our strategy was to adjust our pricing policy for the current catalogue which, as we expected, has resulted in our sales being marginally below target, although they are still high for the comparative period for last year."

Mr. Pickard also said that, at yesterday's date, the group's workforce had been reduced by 600 to just under 4,500 through natural wastage and the release of temporary staff, against 5,150 as at the time of the annual statement.

## £0.6m rights by Astbury & Madeley

Astbury and Madeley (Holdings) is raising £514,000 by way of a rights issue of 629,960 20p shares at 103p a share on the basis of one new share for every eight held.

The proceeds are to be used to buy new premises to accommodate the company's growth and to provide additional working capital. The company said pre-tax profits in the first half of 1980 would be not less than £700,000 compared with £525,000.

## 34 companies wound-up

COMPULSORY WINDING-UP orders against 34 companies were made by Mr. Justice Violett in the High Court.

They were: Greenway Leisure Products, Kestral Warehousing (Sales), Nisbo (Vehicle Services), Beta Engineering Services (Liverpool), Pritchway, Portoroy, Inhabit (Developments), G. H. Wildy (Fabrications), M.C.S. Yachts (Sales), R. Mullett Transport and Surfacing, Dannie (Hotels), Cintra Transport, Nottingham Building Centre, Sater (Builders), Haudon Electrical, Quarech.

A compulsory winding-up order made on June 16 against Sign Arts was rescinded and the petition dismissed by consent.

SPAIN	Price	% + or -
Jun 20		
Banco Bilbao	214	-2
Banco Central	244	-2
Banco Exterior	238	-2
Banco Hispano	212	-1
Banco Ind. Cel.	121	-
Banco Madrid	141	-
Banco Santander	276	-3
Banco Urquijo	147	-5
Banco Vizcaya	222	-
Banco Zaragoza	200	-
Oranados	76	-1
Espartero Zinc	80	-
Fecsa	84.5	+0.3
Gal. Provincas	27	-
Hidrocar	69	+0.7
Iberduero	67.2	-
Petroleos	107.5	-0.5
Petrublar	83	+4
Sagunto	59	-
Telefonos	59	-0.7
Union Elect	62.5	-0.5

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## Harrison Cowley plans entry with 163 listing

THE DIRECTORS and certain employees of Harrison Cowley (Holdings), the Bristol-based advertising agency group, are planning to sell some of their shares, amounting to 30 per cent of the company's ordinary shares, in a placing next month.

Following a capital reorganisation and the placing, the company proposes that dealings in the shares should take place under Stock Exchange rule 163 (2).

The company made pre-tax profits of £776,000 in 1979 on turnover of £16.4m, compared with profits of £374,000 on turnover of £12.2m in the previous year.

Crossfairs Trust has a 30 per cent interest in Harrison Cowley. Full details of the planned placing will be published in a circular in early July.

Mr. Evans says that prospects look attractive and the Board intends to at least maintain the dividend on the enlarged share capital.

"Our business of industrial cleaning continues to flourish and I am confident that this is an area where we will continue to expand in the coming year."

He states that 1980/81 has started encouragingly in terms of new contract obtained, not only

for the contract cleaning operations, but also for the painting, decorating and stonecleaning services which the group provides.

As at March 31 shareholders' funds totalled £1.63m (£1.23m), loans £362,000 (£363,000), and bank overdrafts (secured) were £1.21m (£572,000).

On a GCA basis pre-tax profits are reduced to £383,000.

Meeting, Grosvenor Hotel, EC, on July 17 at 11 am.

SECOND HALF pre-tax profits of E. Austin and Sons (London),

the company proposes a scrip issue of three-for-one.

## E. Austin exceeds £500,000

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## Brengreen in £834,000 cash call as profits move strongly ahead

THE contract cleaning group, Brengreen (Holdings) is to raise about £834,000 by way of a rights issue of 5m new shares at 18p each on the basis of one-for-four shares held, and five for every £2 nominal of 10 per cent convertible unsecured redeemable loan stock.

The company also announces pre-tax profits of £431,000 (£265,000), on turnover of £14.2m (£11.7m) for the year ended March 29, 1980. Earnings per 10p share are 1.5p (1.1p) basic, or 1.5p (0.7p) fully diluted. A final dividend of 0.5p net makes a 0.5p (0.25p) total for the year.

The company's borrowing facilities are adequate for immediate requirements, Mr. D. J. Evans, chairman, says, but the rights issue is to ensure that sufficient funds are available to take full advantage of opportunities as they arise.

The directors and trustees of Mr. Evans' family have agreed to take up or procure the taking up of 20 per cent of the new shares. The balance has been under-

written by Morgan Grenfell. Mr. Evans says that prospects look attractive and the Board intends to at least maintain the dividend on the enlarged share capital.

"Our business of industrial cleaning continues to flourish and I am confident that this is an area where we will continue to expand in the coming year."

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SECOND HALF pre-tax profits of E. Austin and Sons (London),

the company proposes a scrip issue of three-for-one.

## RBC Intl. subscribed to \$9.5m

Subscriptions for 940,249 participating redeemable preferred shares in RBC International Income Fund valued at \$9.5m were received by the close of the initial offer on June 20.

The subscription price for what the managers, Royal Bank of Canada, called the first of a series of offshore funds for international investors, was

\$10.10 a share, which included a 1 per cent initial charge. The minimum subscription was \$2,020.

The fund, incorporated in Guernsey and designed to appeal to international investors, is intended to achieve a high income. Initially, at least 70 per cent of the proceeds will be invested in UK government stock.

Investment Trust, says in its annual review.

As already known, revenue available for the year ended April 30, 1980, came out at £200 against £213,048, and the dividend is increased to 4.5p (£4.5p) net per share.

Valuation of investments at market value was £6.62m (£7.59m), of which £5.12m (£7.76m) was quoted—UK £4.92m (£6.48m). Shareholders' funds totalled £6.56m (£7.53m).

£1.65m orders for Moss Engineering

Moss Engineering is continuing to win important orders for its environmental engineering plant and equipment, the directors state.

Contracts worth over £1.65m have been secured recently. Most were from overseas customers, but there was one valuable UK order.

In his interim report the chairman, Mr. Ernest Carr, was optimistic about the full year.

Mixed outlook for London Prudential

The current year will not be good for dividend growth but hopefully it may be better for capital growth, Mr. M. B. Baring, chairman of London Prudential

Dividends ANNOUNCED

Current payment	Date of payment	Corr. div.	Total last year
E. Austin and Son	3.55	July 24	2.96
Baraona Tea	5	July 28	2
Brown and Tawse	5	Aug. 14	4.5
James Cropper	2.5	Aug. 8	1.5
Eastern Prod. (Hdgs.)	3.22	—	3.08
Elliott Group	0.5	—	0.75
Gt. Nthn. Inv. Trst. Int.	2	—	1.5
Marshall (Hafslax)	7.0	Oct. 1	6.0
Muirhead	2.2	—	2.2
Polymark Intn.	1.9	Oct. 31	1.82
Whitecroft	5.2	—	5.2

Dividends shown pence per share net except where otherwise stated. \* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Includes 0.6p special non-recurring dividend.

This advertisement is issued in compliance with the requirements of the Council of the Stock Exchange in London. It is not an invitation to any person to subscribe for or to purchase any share capital of Beijerinvest AB

BEIJERINVEST AKTIEBOLAG  
(Incorporated in Sweden in 1917 with limited liability)

## BEIJERINVEST

### SHARE CAPITAL

Issued and fully paid ordinary shares of Swedish Kronor 50 each:-

	Swedish Kronor
Non-free shares	
— Series A	9,056,250
— Series B	233,601,750
Free shares	
— Series B	31,093,650
	273,751,650

Application has been made to the Council of the Stock Exchange in London for all the issued free ordinary shares series B of Beijerinvest AB to be admitted to the Official List. It is expected that dealings will commence on 25th June, 1980.

Particulars relating to Beijerinvest AB are available in the Extel Statistical Service and copies of such particulars may be obtained during business hours on any weekday (Saturdays and public holidays excepted) up to and including 9th July, 1980 from:-

HAMBROS BANK LIMITED,  
41 Bishopsgate,  
LONDON EC2P 2AA

LAZARD BROTHERS & CO., LIMITED,  
21 Moorfields,  
LONDON EC2P 2HT

ROWE & PITMAN,  
First Floor,  
City-Gate House,  
39-45 Finsbury Square,  
LONDON EC2A 1JA

24th June, 1980

هنا من العمل



## Polymark reaches £1.6m but warns of a slowdown

WITH £1.6m against £899,000 coming in the second six months of 1979, Polymark International, laundry machinery supplier and garment maker, has reported a record £1.6m. Turnover was £1.6m higher at £1.6m.

In the current year, turnover and profits are so far showing a continuing upward trend, but a warning of a slowdown in the current year, high interest rates and strong sterling may temporarily slow down the group's growth rate of recent years, the directors state.

Year-end earnings per 10p share are shown as 15.75p, compared with 10.31p, and the dividend is stepped up to 3.7p (3.00p) with a final of 1.5p—a payment of 1.5p was forecast.

Profit, which included £122,000 share of Adge Dreyer, which became an associate in January 1979, was subject to tax of £88,000 against £84,000. Minorities took £36,000 (£24,000), and there was an exchange loss of £120,000 (£71,000 gain), leaving the balance at £734,000 compared with £629,000.

A deferred tax—now in accordance with SSAP-15—has been provided in full, the charge to UK tax, some £112,000 (£150,000) of total, would have been increased by £30,000 (£22,000).

Most of the improvement in turnover and profits stems from increased manufacturing capacity and greater sales penetration in the company's linen care and Transat labelling divisions—the linen care activities were expanded in both Sussex, where

## Brown and Tawse expands to £4.2m

SECOND-HALF taxable profits of Brown and Tawse rose from £1.78m to £2.08m giving the steel and tube stockholding and engineering group a record £4.16m for the year ended March 31, 1980, compared with £3.81m. Full-year sales rose by 26.6 per cent to £82.96m.

The profits contribution during the second half was higher from stockholding but lower from plant hire and sales, and from engineering activities. Interest also increased during the period resulting in a full-year charge up from £585,000 to £588,000.

A divisional breakdown of the year's sales and profits shows (with £000s omitted): stockholding and processing £55,219 (£42,801) and £2,579 (£3,134); plant hire, boiler repairs and ironmongery £7,728 (£7,115) and £579 (£576).

Tax charge rose significantly from £0.69m to £2.06m, reflecting the release last time of £1.15m of deferred tax on stock relief. After preference dividends, profits attributable to ordinary holders were down over £1m to £2.06m.

Earnings per 25p share were 20.6p, compared with 30.7p which included 11.3p from deferred tax release. A net final dividend of 5p lifts the total payout from 5.5p to 6.4p per share, costing £555,000 (£568,000).

Sales for the first three months of the current year show no definite pattern, the directors state. Steel users who anticipated their requirements during the strike, and with higher interest rates and the prospect of deepening recession, stockpiling on a wide scale has been evident.

They say it remains to be seen

### BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are intended or final and the subdivisions shown below are based mainly on last year's timetable.

#### TODAY

Interim—Ashdown Investment Trust, Crenid, Kanning Meter, Trident Television.

Finals—Charger Consolidated, Control Securities, Gifford, Gifford, Helms, Arthur Helden, L.C.P., Leves, Moorgate Marcentia, R. Paterson, Semic, Teale-mil, Whewy Watson, Wilkinson Tach-

#### FUTURE DATES

Interim—Bread Group, Glasgow Stockholders Trust, Lendele Universal, Tribune Investment Trust.

#### Finals

Associated Communications, Avans, Birmingham Mint, Bristol Evening Post, Bulmer (H.P.), Cella's (Holdings), Haywood Williams, London and Midland Indus., Rawick.

† Corrected.

whether there will be some revival in demand when the de-stocking phase works itself out, but group resources are strong and broadly based and will stand it in good stead to face a testing year.

New product lines in stockholding and in plant sales are being introduced with a view to expanding sales.

After capital expenditure of £1.67m and a rise in working capital of £1.94m, the group's net liquid position increased from £0.64m to £1.15m. Shareholders' funds improved from £18.19m to £19.64m.

Net assets per ordinary share, at March 31 were 192.5p, against 178.8p.

Reviewing the stockholding and processing activities to the 1979-80 year, the directors say demand for steel remained steady until the final three months of the year when the steel and tube mills of British Steel Corporation were closed by the industrial action. This situa-

pricing: customers stocked up with larger orders yielding lower margins. Nor did the strike leave the cupboard bare: B and T came into it well-prepared, and the March 31 balance sheet—at the end of the dispute—shows stocks up 28 per cent. The company was helped by its product mix since SSC accounts for only a third of supplies. The winter stocking accounts for the increased interest charge but by March, the company had returned to a cash surplus. While pre-tax profits are ahead for the 12th successive year, net earnings slip with no relief from deferred tax in this year's budget compared with two years' relief in 1979. The company has not yet produced a CCA statement, which would probably show earnings down by around a fifth—still leaving the dividend two-and-a-half times covered. The p/e on stated earnings at a 50 per cent tax charge is 6.3 at 134p, down 4p on the chairman's uncertain view of trading prospects. The historic yield is 7 per cent.

## Hill Thomson near £500,000

to the six months to January 23, 1980, pre-tax profits of Hill Thomson and Company, a wholly-owned subsidiary of Glenlivet Distillers, rose from £138,000 to £495,000.

There was a tax credit of £306,000 against a charge of £30,000 last time, and stated earnings per 25p share are considerably higher at 19.45p compared with 2.36p.

#### comment

The indications from Brown and Tawse are that, in hindsight, the steel strike was a much less dramatic affair for stockholders than the uncertainty of the time suggested. There were no killings made on premium

## Elliott Group falls behind and blames closure losses

A DROP from \$408,000 to \$179,000 in the second half, saw pre-tax profits of The Elliott Group of Peterborough fall from \$812,000 to \$551,000 in the year to March 31, 1980. The forecast at the interim stage was for improved profits for the rest of the year.

The Board says the principal reasons for the reduction in pre-tax profits have been the trading losses associated with the closure of the Medway manufacturing unit, the cost of concluding the schools programme in Saudi Arabia and the drop from £204,000 to £50,000 in the temporary employment subsidy.

Interest charges rose by £180,000 to £756,000. Although there was a small increase in operating profit overall margins were squeezed by progressively tougher trading conditions and higher interest rates.

On a CCA basis, the group would have made a loss of £385,000.

There was a tax credit of £56,000 against a charge of £282,000 last time. After extraordinary items of £164,000 (£130,000), the retained profit was £749,000 compared with £527,000.

A valuation of group properties as at March 31, 1980, revealed a surplus of over £2m. Stated earnings per 10p share are down from 5.44p to 4.01p, and the final dividend is down from 0.75p to 0.50p for a total of 1p (same).

#### comment

The half-year hopes of a continuing profits improvement at Elliott failed to materialise, with the second six months contributing less than half the £409,000 seen in the corresponding period of 1978-79. The UK public sector is under pressure while the Saudi contracts have demanded costly additional maintenance during a prolonged handover period. With the £10m Saudi schools now concluded, the slimming-down of stocks and work in progress should give some relief to the 78 per cent geared balance sheet—though a new property revaluation brings the ratio down nearer 50 per cent. Next year's p and l will be spared the £70,000 trading loss associated with the closure of the Medway plant, whose production has now been transferred closer to its prime market, in Scotland. Any such sweeteners will be welcome in a year which has so far offered little encouragement to the building sector. The historic yield is 6 per cent at 23p, on an optimistic-looking fully-taxed multiple of 9.5.

## Baraora Tea runs into loss but paying 5p

Baraora Tea Holdings reports a pre-tax loss of £38,531 for 1979. In the previous year, the company had pre-tax profits of £427,923. Turnover fell from £1.53m to £920,107.

In its interim statement, last December, the Board said that the year's crop was disappointing and severe drought conditions were experienced during the early part of the year. As a result, there was a shortfall compared with the previous year from the onset of the cropping season and further monthly production from May to October never exceeded that achieved in 1978.

Sale of the company's teas was appreciably slower, and at the end of November only 39 per cent of the crop had been sold compared with 63 per cent at the same date in 1978.

After tax down from £257,489 to £16,728, stated earnings per 5p share for the year are 8.1p (23.2p) net and 6.8p (26.8p) on a nil basis. Only one dividend of 5p will be paid for 1979 against 2p in the previous year.

## James Cropper grows to £887,000—full order book

Pre-tax profits of James Cropper, manufacturer of a wide range of papers, rose during the year to the end of March 1980, from £575,952 to £887,410. Turnover increased by £2.72m to £13.71m.

As the half-year stage profits before tax were £412,570, compared with £288,688, and the directors said that trading conditions were satisfactory but cost increases would reduce margins in the first quarter of 1980.

Final dividend is 2.5p net, which makes a total of 4p (2.5p).

The Board says the paper industry is in a recession but so far the company has managed to preserve a full order book. However, they cannot expect not to be affected.

Profit, which includes a surplus on sale of houses of £1,350 (£42,601), was struck after interest of £280,593 (£190,028). Advanced corporation tax rose from £17,369 to £27,117. Reserves were boosted by £796,293 (£518,553).

## M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 9EB Telephone 01-621 1212

1979-80	Company	Price	Change	Gross Div (p)	Yield %	P/E
99	99 Airsprung	65	—	8.7	10.2	3.81
20	20 Armitage and Rhodes	30	—	3.8	12.7	2.07
285	185 Garton Hill	280	—	13.8	4.9	8.21
100	78 County Cars 10.7% Pl.	78	—	15.2	19.6	—
101	63 Deborah Ord.	92	—	9.0	5.4	10.1
125	98 Frank Horral	117	—	7.9	8.7	7.3
129	30 Frederick Parker	90	—	12.8	14.2	4.11
156	100 George Blair	100	—	16.5	16.5	—
79	45 Jackson Group	79	—	8.0	7.8	3.01
153	103 James Burrough	110	—	7.8	7.2	9.0
200	242 Robert Jenkins	300	—	31.3	10.4	9.69
178	178 Tansley	220	—	15.1	6.9	3.71
34	11 Twinklack Ord.	15	—	—	—	—
80	70 Twinklack 12% ULG	78	—	12.0	15.8	10.4
80	23 Unilock Holdings	48	—	2.8	—	9.6
80	45 Unilock Holdings New	46	—	4.4	4.5	6.6
80	42 Walter Alexander	216	—	12.1	5.8	3.91
215	136 W. S. Yeomans	—	—	—	—	—

† Accounts prepared under provisions of SSAP 16.

## LYDENBURG PLATINUM LIMITED

(Incorporated in the Republic of South Africa)

### INTERIM REPORT

The directors announce the following unaudited consolidated financial results of the company for the six months ended 30th April 1980.

	Six months to 30 April 1980	Year ended 31 October 1979	Year ended 31 October 1978 (audited)
Net income before and after taxation	R1,708,000	R590,000	R2,263,000
Earnings per share	11.84c	4.10c	15.72c
Dividends—per share—amount	10.20c	5.00c	16.00c
Investment in Rustenburg Platinum Holdings Ltd—Market value	R52,249,527	R31,246,251	R34,143,255

Notes:

1. The higher dividend received from Rustenburg Platinum Holdings Limited of 12.5cps (1979—5cps) resulted in an increase in net income for the present half-year.

2. The interim dividend number 52 of 10.2cps was paid on 9th May 1980.

On behalf of the board  
T. L. DE BEER  
F. J. RAHN

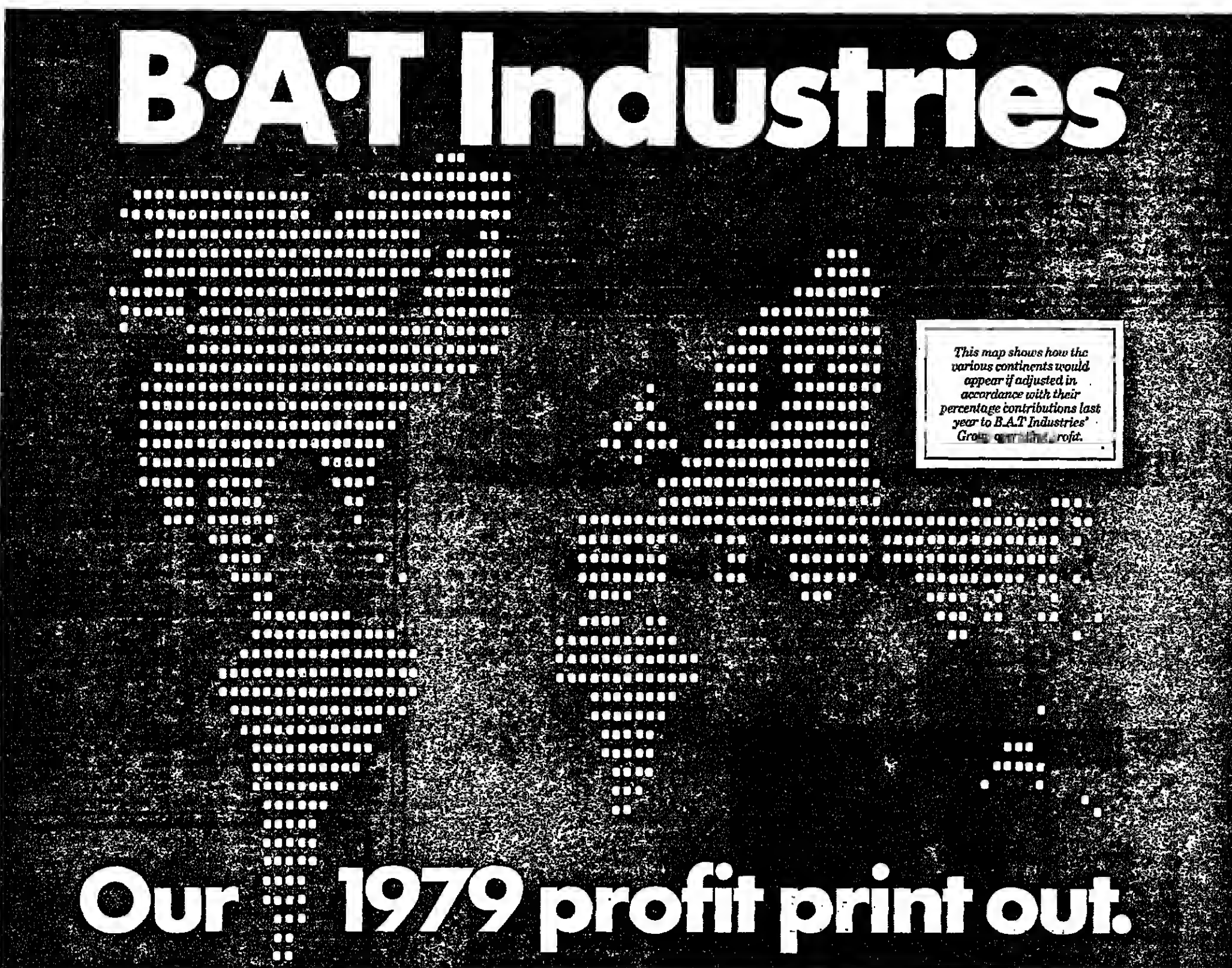
Head Office:  
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Transfer Secretaries:  
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Marshalltown 2107, Transvaal

United Kingdom:  
Charter Consolidated Limited  
P.O. Box 102, Charter House  
Park Street  
Ashford, Kent TN24 8EQ

24th June 1980



## Our 1979 profit print out.

Group operating profit of £525 million up by 4% on turnover of £7,228 million.

Sterling translation affected turnover adversely by £407 million and operating profit by £35 million.

Tobacco volume increased; with improved turnover and trading profit in local currency terms.

U.S. retailing activities continued their upward trend, while in the U.K. International Stores returned to profitable trading.

Both the Wiggins Teape Group and Appleton Papers turned in excellent results.

Mardon Packaging International turnover was 20% higher.

Extracts from the Statement made by the Chairman,

Peter Macadam, at the B-A-T Industries A.G.M. on 20 June:

"Once again our results as reported in sterling belie the achievements of many of our overseas subsidiaries. I feel we can be reasonably pleased by your Company's overall performance in what proved to be difficult trading conditions...

Steady progress was achieved by our tobacco interests with sales volume increasing overall by 2.5%. Profitability improved in the United States, as did export sales, but Brown & Williamson's share of the U.S. domestic market was marginally lower. Significant gains were recorded by our subsidiaries in Venezuela, the Argentine, Indonesia, Hong Kong and several other countries... I am encouraged by the improvement in Gimbel's performance and by the continued progress made by Saks Fifth Avenue and the Kohl Corporation during the year. B-A-T Stores

### Results Summary

	1979	1978
Turnover	7,228	6,844
Operating profit	525	505
Profit before taxation	443	435
Net profit attributable to B-A-T Industries	245	226
Dividends per share (net)	17.5p	15.0p

Holdings' results benefited substantially from the contribution of Argos. While International Stores traded profitably during the 15 months, we cannot yet be satisfied with overall performance... Our paper interests' sales and profitability have continued to

increase. Comparing 1979 and 1978, profits grew by 31% on a turnover which was 23% higher... The Mardon Packaging Group also had a good year... While the turnover of British-American Cosmetics rose by 12% in sterling terms, operating profit remained unchanged at £6 million.

I expect increased operating profit overall but any forecast is bedevilled by the volatility of currencies and the near impossibility of foreseeing what rates will be ruling at the close of the financial year... if present rates apply at the end of the year, results will be adversely affected... With interest rates reaching almost unprecedented levels, I expect the Group interest charge for 1980 to increase and also the effective rate of tax so that attributable profit may fall just short of the level achieved last year... It is extremely difficult to predict the impact of the emerging recession but I am confident that we are well placed to meet what lies ahead and to take full advantage of the eventual economic recovery."

**Tobacco**  
The Group is the world's largest private enterprise tobacco manufacturer. A BAT cigarette is the market leader in 36 countries.

**Retailing**  
Interests include International Stores and Argos in the U.K. and Saks Fifth Avenue, Gimbel's and Kohl supermarkets and department stores in the U.S.A.

**Paper**  
Wiggins Teape and, in the U.S.A., Appleton Papers manufacture carbonless papers and a wide range of other speciality and high-grade printing papers.

**Packaging and Printing**  
Mardon Packaging International became a wholly-owned subsidiary of B-A-T Industries in November 1979. It is Britain's second largest packaging and printing group.

**Other Trading Activities**  
These include the manufacture of floor coverings, blinds, room dividers, and shower cabinets, as well as perfumery, cosmetics and skin-care products.

Copies of the Report and Accounts and the full text of the Chairman's speech at the Annual General Meeting are available from the Company Secretary at:

B-A-T Industries Limited • Windsor House • 50 Victoria Street • London SW1H 0NL



Companies  
and Markets

## UK COMPANY NEWS

Wigfall expects  
difficult year

THE current year of reorganisation at Henry Wigfall and Son, electrical goods, furniture and fashionwear retailer, is likely to be difficult, says Mr. Michael Abbott, chairman, and he tells shareholders it would, therefore, be unwise to make any profit forecast for 1980-81.

He explains that the year will be difficult both in respect of the time taken for financial benefits of rationalisation to materialise fully, and because of the probability of a continuing national recession—in the current year borrowings have fallen by £1.3m so far.

Concurrent with the reorganisation, active steps are being taken to acquire and market "new and complementary products in our existing outlets" to increase future profitability, he states.

As reported on June 6, pre-tax

profits for the year ended March 29, 1980, fell from £1.85m to £1.05m, despite forecasts of an improvement, although interest rose to £2.64m (£1.86m). Turnover was up at £44.25m (£41.9m) and the dividend is unchanged at 13.5p net per share.

As a result of a financial review of operations, during the year, eight new shops were opened, three outlets were re-sited and 18 were closed. And with the installation of electronic cash registers throughout all outlets, it has resulted in a loss of 250 jobs.

As at March 29, shareholders' funds totalled £14.77m (£13.77m), and loans £8.19m (£7.97m). Bank balances and cash were £5,000 (£4,000), and secured bank overdrafts amounted to £6.65m (£4.94m).

Meeting, Royal Victoria Hotel, Sheffield, July 15, noon.

Bridgend  
losses  
deepen

HEAVY PRE-TAX losses are reported by Bridgend Processes, the plastic and electronics group. The losses deepened from £33,715 to £279,353 for 1979 on turnover down from £257,277 to £190,465.

After tax charges of £2,122 (£21,702) and minorities £460 (£5,675), there was a net loss of £281,973 compared with £127,495 last time.

The loss per 5p share was 10.01p (0.34p).

Despite the results, the board considers the group's financial resources are adequate for current purposes.

Sketchley  
well placed  
for expansion

With adequate short and medium term borrowings available to it, the strong financial position at Sketchley continues and the cleaning, industrial workwear and textiles group is thus well able to finance its further expansion into new activities, while maintaining its position in the markets in which it is currently involved, says Mr. G. Wightman, the chairman.

Group borrowings at March 28, 1980 showed a jump from £0.43m to £3.31m. During the year purchases of workwear and capital expenditure totalled £14.69m, against £9.33m previously.

Pre-tax profits for the 1979-80 year rose from £4.94m to £5.74m. Earnings per share were 38.4p (28.8p) and the dividend total is being lifted from 3.29p to 5.2p as reported June 4.

On a CCA basis, pre-tax profits are reduced to £3.85m (£2.61m) after current cost adjustments of £2.1m (£2.45m) less gearing of £193,000 (£136,000).

Meeting, Hincley, July 17, 3 pm.

## GRAY DAWES

Gray, Dawes and Company Limited, a subsidiary of Incheape Group, is changing its name to Gray Dawes Bank Limited.

## MINING NEWS

Agreement reached on big  
new Malaysian tin project

BY GEORGE MILLING-STANLEY

THE SIGNING of an agreement in Kuala Lumpur on Saturday to develop the Kuala Langat tin dredging project in Malaysia's Selangor state brings to a close a period of more than five years of delays arising from political and personality clashes.

Both partners in the venture, the Selangor State Government with 65 per cent and Malaysia Mining Corporation with 35 per cent, hailed the signing as the start of a new era in Malaysia's tin industry, reports Wong Sengang from Kuala Lumpur.

They expect the project to ensure the country's position as the world's leading tin producer. Kuala Langat is expected to begin production in 1985 at an initial rate of some 2,300 tonnes of tin per year, rising to 6,250 tonnes per year by 1990. The project has an estimated life of 22 years, and will involve a capital investment of around \$3m 200m (\$44m).

Revenue in the first year of production is projected at \$3m 40m, rising to \$3m 114m by 1990. These projections have been prepared by the partners on the basis of a metal price of \$3m 1.850 per picul (one-sixteenth of a tonne), which is conservative when compared with the current price of some \$3m 2.150 per picul.

The next stage of the project will be for the new joint venture company, Kuala Langat Mining, to start a final survey on the 5,000 acres over which it has a 25-year mining lease. This survey will be funded by MMC, and is expected to take one year and cost \$3m.

At the same time, the design of the dredges will be finalised. Three dredges, each costing \$500m and capable of digging to a depth of 250 feet, are to be built.

The land covered by the lease is currently under the control of the Brooklands Estate. Mr. Dato Hormat Rafel, Chief Minister of Selangor and chairman of the state's mining arm, held out the possibility of the joint venture getting more land for mining in the Kuala Langat district.

The Selangor Government has an agreement with Brooklands to buy land for mining as and when required, and this would be

transferred to the joint venture at cost.

Initial prospecting in the 5,000 acres covered by the lease was carried out by Charter Consolidated, and Charter feels fairly sure that the tin mineralisation extends into a much wider area, totalling some 40,000 acres.

This would mean that the Kuala Langat deposit could potentially rival the famous Kinta Valley. Charter retains an interest in the project through its 28.6 per cent stake in MMC.

Of the estimated \$3m 200m capital investment required, Kuala Langat Mining's \$3m 30m paid-up capital will provide part, with the remaining \$3m 170m to be sought through loans from Malaysian banks. Although its stake in the joint venture is only 35 per cent, MMC will guarantee the first 50 per cent of any loans.

The two partners will receive tin in proportion to their respective stakes in the venture, and will market the metal through their own selling organisations.

GLOBE AND  
PHOENIX

The Zimbabwe gold producer Globe and Phoenix Gold Mining is hopeful that results for the current year will be better than for last year, following the improvement in conditions in Zimbabwe.

Mr. B. S. Clemons, chairman, warned that much will depend on the price of gold, which helped the company to return to profit last year, and pointed out that working costs

are likely to rise and taxation has already been increased.

He added that there is no indication yet as to when or if Globe will be allowed to remit a proportion of branch profits to the UK.

Denison to buy  
Koongarra

CANADA'S Denison Mines, one of the world's leading producers of uranium, has agreed to acquire the Australian Koongarra uranium deposits and other properties in the Northern Territory from Noranda's Australian unit. The purchase terms have not been disclosed.

The deal is subject to the approval of the Australian federal and State Governments. Denison said that the relative applications, including one to the Australian Foreign Investment Review Board have been submitted.

Koongarra was discovered in 1970 and was estimated to contain up to 30,000 tonnes of uranium oxide. One of the four major finds in the Northern Territory, it still awaits official permission to be taken to production as does the biggest of them all, the Jabiruka find of Pancontinental and Getty Oil.

The Havelock open-pit mine in Western Australia's Meekatharra gold-producing area produced its first gold at the end of May, according to Whim Creek Consolidated, owner of the project.

## OIL AND GAS NEWS

Oil-shale find  
lifts Greenvale

Shares of Australia's Greenvale Mining and Esperance Minerals moved ahead strongly on the London Stock Exchange yesterday as further speculative buying followed Friday's announcement that the companies have discovered oil-shale in the Nagorin Prospects in north Queensland.

On Friday Greenvale jumped 48 to 112p and Esperance 30 to 160p. By the close of trading yesterday Greenvale had reached 122p and Esperance 170p.

The two companies say they encountered the oil-shale between 21 metres and 154.65 metres but added that no significance can be placed on the discovery until the results of core tests are known.

Central Pacific Minerals and Southern Pacific Petroleum, co-owners of the giant Rundle oil-shale deposits, are joint-venturers in the project. Greenvale, Esperance, and East Coast Minerals are involved in another oil-shale prospect, the Alpha torbenite deposit, along with International Mining. The latter has a 60 per cent interest in the Alpha deposit area while Greenvale, Esperance and East Coast hold the remaining 40 per cent.

BP Australia is suspending operations at the Phoenix No. 1 well drilled on the North West Shelf off the coast of Western Australia for safety reasons. BP drilled the well to 4,776

metres and encountered several sand bodies which appeared to be gas-bearing. Further sands are expected below the present depth.

BP said that pressure and safety conditions were responsible for the suspension but that it will re-enter the well when a more suitably equipped drilling rig becomes available.

BP has earned a 55 per cent working interest in Permit area WA-62-P by bearing the sole cost of drilling Phoenix No. 1.

Other participants are Oxo International, 9 per cent, Peyto Exploration, 8.75 per cent, Voyager Petroleum, 6.75 per cent, and Endeavour Resources, AAR, Australian Oil and Gas, Bridge Oil and Offshore Oil, each with 4.5 per cent.

The first of four wells to evaluate the extent of the Dulligari North No. 1 oil discovery in the Cooper Basin of South Australia was spudded in on June 17.

The Dulligari North No. 1 well flowed oil at a rate of 450 barrels a day from the Jurassic Mooga formation.

The latest well, Dulligari North No. 2, is located 4 km south of Dulligari North No. 1 and is programmed to drill to a depth of 1,975 metres. Santos has a 50 per cent interest in the area, Delhi Petroleum 20 per cent and Vangas and South Australia Oil and Gas Corporation 10 per cent apiece.

## EUROPEAN OPTIONS EXCHANGE

Symbol	Vol.	Last	Vol.	Last	Vol.	Last	Vol.	Last
ABN C	1,800	1.50	10	0.50				
ABN D	1,800	1.50	10	0.50				
ABN E	1,800	1.50	10	0.50				
ABN F	1,800	1.50	10	0.50				
ABN G	1,800	1.50	10	0.50				
ABN H	1,800	1.50	10	0.50				
ABN I	1,800	1.50	10	0.50				
ABN J	1,800	1.50	10	0.50				
ABN K	1,800	1.50	10	0.50				
ABN L	1,800	1.50	10	0.50				
ABN M	1,800	1.50	10	0.50				
ABN N	1,800	1.50	10	0.50				
ABN O	1,800	1.50	10	0.50				
ABN P	1,800	1.50	10	0.50				
ABN Q	1,800	1.50	10	0.50				
ABN R	1,800	1.50	10	0.50				
ABN S	1,800	1.50	10	0.50				
ABN T	1,800	1.50	10	0.50				
ABN U	1,800	1.50	10	0.50				
ABN V	1,800	1.50	10	0.50				
ABN W	1,800	1.50	10	0.50				
ABN X	1,800	1.50	10	0.50				
ABN Y	1,800	1.50	10	0.50				
ABN Z	1,800	1.50	10	0.50				

TOTAL VOLUME IN CONTRACTS 1,801

Q=Call P=Put

James Cropper  
& Company Limited

The following are our unaudited preliminary figures for the year ending 29th March 1980.

	1980	1979
Turnover	13,715,664	10,996,447
Trading Profit	1,446,653	726,379
Profit on Sale of Houses	1,350	42,601
Interest	1,148,003	765,950
Profit before Taxation	287,410	575,528
Advance Corporation Tax	(27,117)	(17,369)
Profit after Taxation	260,293	558,159
Dividend: 6% on 1,600,000	24,000	15,000 (4%)
10% on 1,600,000 Shares of 25p each (proposed)	40,000	24,000 (6%)
Balance Transferred to Reserves	796,293	518,533

Notes:  
The paper industry is now in recession. So far we have managed to preserve a full order book, but we cannot expect not to be affected.

US\$75,000,000  
HYDROCARBONS BANK LIMITED

Floating rate notes due 1982  
Irrevocably and unconditionally  
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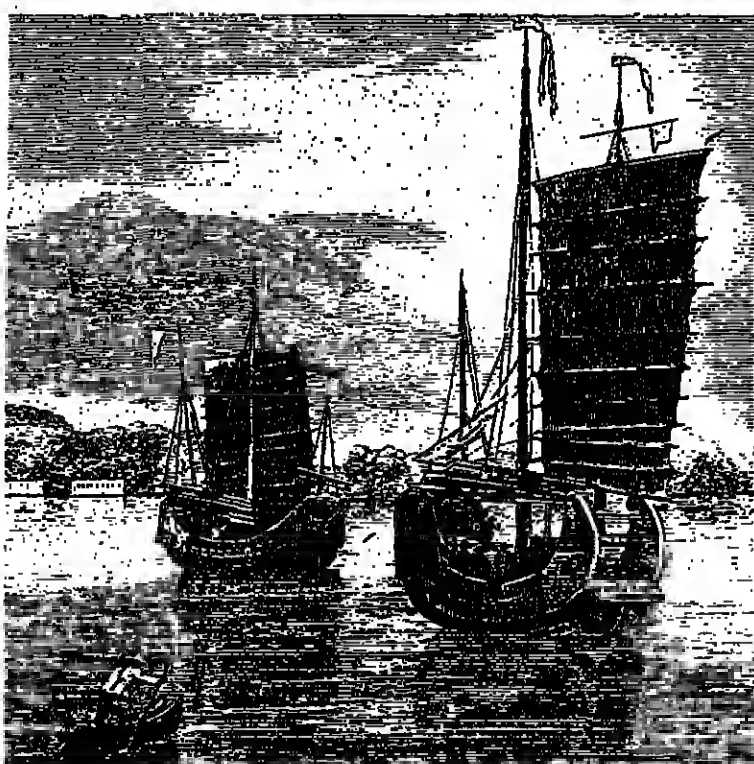
In accordance with Condition 13 of the Notes, notice is hereby given that for the six-month period June 24th, 1980, to December 24th, 1980 (183 days) the Notes will carry an interest rate of 10.8%.

Relevant interest payments will be as follows:—

Notes of \$1,000 \$52.74 per coupon

CREDIT LYONNAIS (London Branch)

Agent Bank

The development of international trade  
owes much to the  
foresight of merchant bankers.

Original sketch of 16th century scene in the East.

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## Imperial Group Limited

has acquired through merger

## Howard Johnson Company

We acted as financial advisors to  
Imperial Group Limited in this transaction.

Goldman, Sachs & Co.

Morgan Grenfell & Co.  
Limited

June 19, 1980

هكذا من العمل



## Companies and Markets

## UK COMPANY NEWS

Marshall's Halifax  
profit and payout  
increased by 20%

A SHARP fall in engineering division profits at Marshall's (Halifax) was more than offset by a strong performance on the concrete side in the year to March 31, 1980, enabling the group to post up the table surplus by 20 per cent from £2.67m to £3.2m, on turnover 25 per cent ahead at £33.22m.

Midterm profits increased to £1.62m (£1.31m), and the directors said they were sure full-time results would compare favourably with the previous year.

The net total dividend is raised by 20 per cent to 9p (7.5p), with a final of 7p. A one-for-one scrip is also proposed.

Trading profits of the engineering division diverged from £1m to £1.33m, on sales of £10.01m (£9.92m). However, concrete division profits surged to £3.72m (£3.05m), from turnover £3.62m higher at £23.73m. This left group trading surplus up from £3.05m to £3.2m, before substantially heavier interest charges of £0.35m (£0.37m).

Mr. David Marshall, chairman, says the downturn on the engineering side was largely attributable to losses in South Africa and a poor result in Reliance. Mercury, however, management changes at Reliance produced a reasonable recovery in the second half.

Domestic demand was depressed and competition was keen in exports, although total exports of £3.6m were a record, he says. With a few exceptions, it is very difficult for the group's engineering companies at present, but performance in the current year is somewhat improved compared with last year, he adds.

In the concrete division, increased sales volume was accompanied by improved margins, while demand was buoyant throughout the year. This side is now reaping the rewards of several years of investment in plant, machinery, new manufacturing techniques and new products, the chairman states.

Tax charge was substantially reduced at £55,000, against £238,000. Stated earnings 25p share were well ahead from 34.75p to 44.82p.

## comment

The solid winter was largely responsible for the increase of a third in Marshall's pre-tax profits. Over the second half, the concrete division improved margins by more than four points and reported more than doubled profits, masking problems in the engineering division. Profits here fell two-thirds, in part because of a £100,000 loss in South Africa, where the future looks extremely cloudy. In addition, Reliance Mercury made only a marginal profit during the year, though management changes have already brought about an improvement. Demand for concrete is holding up well for the moment, but there is likely to be some downturn in the second half. This helps to explain the rating of the shares which, despite a rise of 10p to 190p yesterday, trade on a multiple of only 4.1 times stated earnings. The group continues to spend heavily on plant, however, so there should be room for growth once the economy pulls out of recession. In the meantime, the shares deserve a little support from the 7.5p per cent yield.

Eastern  
Produce  
tops £3m

AN INCREASE of £238,000 to £3,07m in pre-tax profits is reported by Eastern Produce (Holdings), producer of tea, rubber, copra and cocoa, for 1979. Associates share was up from £786,000 to £1.58m.

Tax was virtually unchanged at £1.5m (£1.51m) and there was an extraordinary credit of £42,000 (£72,000). Stated net earnings per 50p share are 14.8p compared with 13.2p, and the final dividend is raised from 3.082p to 3.22p for a total of 4.82p (4.42p).

Turnover for the year rose from £17.3m to £17.5m.

Kellock Hldgs.  
reconstruction  
gets approval

Shareholders and loan stockholders of Kellock Holdings have approved the scheme of arrangement involving the reconstruction of the company by means of an offer from a newly-formed holding company—Kellock Trust.

Elections to receive shares in the Trust have been received from the holders of 891,952 shares (74.3 per cent), 838,886 convertible irredeemable subordinated rate loan stock units (80.3 per cent) and 298,525 11 per cent cumulative preference shares (77.3 per cent) in holdings.

Elections will be announced following the final date for election on June 27. The scheme is expected to become effective on or around July 25, subject to the prior approval of the Court and the new shares in Kellock Trust being admitted to the official list.

John Swan  
declines  
to £210,461

Pre-tax profit of John Swan and Sons, livestock auctioneer, estate agent, fell from £210,461 to £163,779 in the year to April 30, 1980.

After tax £90,525 (£109,730) and an extraordinary debit last time of £10,113, the available balance was £73,254 (£110,644). Turnover increased from £746,559 to £751,372.

At the interim stage, when pre-tax profits fell to £89,000 (£163,600), the directors said it would be difficult to predict results for the next six months. The dividend is increased from 6.25p to 6.75p net. Earnings per 25p share are given as 10.9p (15p).

## BIDS AND DEALS

Dobson Park makes £14m  
agreed bid for Wolf Tools

Dobson Park Industries, the mine roof support engineer has agreed terms for the acquisition of Wolf Electric Tools, the electric hand tool and accessory manufacturer, valuing the company at £14.2m.

For every 12 Wolf shares holders are offered 11 Dobson ordinary shares, or eight Dobson shares plus 360p cash. On this basis each Wolf share is valued at around 109p which compared with a price of 62p at which they were suspended yesterday morning. Dobson shares were unchanged at 119p.

As an alternative to the cash element accepting holders may elect to receive 30p nominal of 10 per cent loan notes 1980-84 for each ordinary share. The directors of Wolf and their families have irrevocably undertaken to accept the offer, in respect of their total holdings equal to 25.5 per cent.

Both companies have significant and complementary positions in the UK and overseas markets: for 1978-79 57 per cent of total sales of Dobson's Range Electric Tools subsidiary were in overseas markets while for Wolf the percentage was 49 per cent. Since 1968 Wolf has been the distributor of the Range range of products in Canada.

The statement says that combined the two companies would cover a complete range of electric powered hand tools up to the Range 2500 breaker and a comprehensive range of grinders, saws, sanders and other equipment. This range of products would enable a much improved penetration into overseas markets and would strengthen their position in the home market.

For Dobson the enlarged power tool division would become a more substantial contributor to overall sales and

profits of the Dobson group. This would achieve the strategic intentions of Dobson of a better balance to its divisional structure.

In the year 1979 Wolf produced profits, before tax, of £2.67m from sales of £19.1m. It is expected that, while sales would be at least maintained, profits, before tax, for the first half of 1980 will be materially below those of the same period of 1979. Net tangible assets of Wolf at December 31, 1979, amounted to £10.3m.

In 1978/79 profits of Dobson amounted to £13.74m and in the first half of 1979/80 they rose from £6.63m to £7.78m—mining machinery contributed £4.6m (£3.5m) and Range £1.6m (£1.4m).

Dobson is being advised by Hill Samuel and Wolf by County Bank.

United Biscuits expands U.S.  
interests with £15.4m purchase

United Biscuits, the McVitie and Crawford biscuits group, is expanding its interests in the U.S. with the £15.4m acquisition of a Milwaukee-based pastry, casing manufacturer.

UB proposes to acquire the Ready Crust brand pie crusts product line from Ward Foods, the New York-based diversified food processor, through Keebler, its U.S. subsidiary.

Under the terms of the deal Ward will continue to make the pie crust products for UB at the Milwaukee plant for at least two years. This would involve additional amounts being paid.

Mr. Bill Gunn, a UB director, said yesterday that the business being acquired was expected to produce \$8m pre-tax earnings in the current year which would bolster the Keebler results.

He thought Keebler could do a lot more with Ready Crust than has been done so far. It had a

monopoly in the market for pastry casings.

UB was on the lookout for more U.S. acquisitions but Mr. Gunn said there was nothing in the pipeline at the moment.

Ready Crust is part of Ward's ready-made pie and dessert group which accounted for 48 per cent of 1979 sales of \$301.7m. Ward said that, although the unit was profitable, the sale of this "important asset" would strengthen the company. Proceeds might be used to fund internal growth, make acquisitions or reduce debt.

Ward has already disposed of its loss-making bakery, dairy, fresh meat and seafood businesses. More recently, it has sold two unprofitable bakeries and plans to close another.

Over the past two years UB has spent £103m on investment and a further £41.5m on acquisitions in the U.S. and in the fast

food business in this country. The group, which had a £33.8m rights issue in March, is planning a £100m re-investment programme over the next five years.

At the time of the rights issue the company said it expected to increase capital investment this year to about £81m, of which some £15m would be spent in the U.S.

Group profits improved from £32m to £43.7m in 1979. North America profits rose by 7 per cent to £16.1m, but a net second half left Keebler profits 5 per cent lower at £14.1m.

The acquisition of Ready Crust would be UB's second major U.S. purchase since it bought Keebler, the second largest biscuit maker in the country, for \$52m in 1974. Last April it paid \$60m for Specialty Brands, a private U.S. company which distributes and prepares salad dressings and spices.

## Imps sells BAT stake for £11m

AFTER concluding its \$630m (£270m) takeover of the Howard Johnson restaurant and motel chain in the U.S., Imperial Group has now sold off its remaining 4.1m shares in BAT Industries for just over £11m.

Imperial, whose acquisition of Hojo will further dilute its involvement in the tobacco sector, had already sold off the bulk of its BAT stake in two major tranches, raising £7m in 1975 and a further £15.5m last year in a spectacular share placing.

Both companies have been going their own different ways in recent years, with BAT extending its non-tobacco interests into the stores and paper sectors, with Imps adding to its food and drink activities.

Long's stake in BAT was sold in the market yesterday at 270p

a share, with the stock taken up eagerly by major investors. By the end of the day, BAT shares had eased by 3p to 273p, with those of Imps up to 86p.

Mr. Jim McKinnon, Imperial's finance director, said the company had been obliged under its agreement with BAT to wait until the latter's annual meeting in May before selling its remaining shares.

It was then that the 4.1m units became ordinary instead of deferred shares. Imps did not sell these in last year's big placing, when they were still deferred, for reasons of "convenience," he said.

Mr. McKinnon, just back from the U.S. to help complete the Hojo deal, also said that Imperial now had a three-year Eurocurrency facility to simplify the financing. Originally, this was for the full amount of

the deal, but is now below \$500m. The facility has been fixed on a three- and six-month rollover basis. "Our strategy is to use our gills money at the best prices," he said in reference to the company's large holding of UK Government stock.

HENRY ANSBACHER/FRANERS HOLDINGS Henry Ansbacher Holdings is to acquire the minority interests in Franners Holdings for a consideration of £168,566 to be satisfied by a cash sum and by the issue of 1,05m shares (1.08 per cent). The company will acquire the interests of the director vendors in the ordinary share capital of Franners and the director vendors will surrender their service agreements without compensation.

They will retain their existing directorships within the group.

Stanley Racing sells its  
Standard Fireworks stake

THE Liverpool-based Stanley Racing group has severed its brief connection with Standard Fireworks by selling the quarter stake it bought earlier this year at profit of nearly £14,000.

"We decided it didn't really fit in with our long-term plans," said Mr. Allen Lowry, company secretary of Stanley, which is jointly owned by Mr. Leonard Steinberg and his brother, Gerald.

After the stake was acquired in January, Leonard Steinberg tried to obtain a seat on the board, but this was rebuffed by the Standard directors.

Stanley's 370,500 shares, just over 22 per cent of the Standard capital, were placed by Charterhouse Japhet with institutions and investment clients at a price understood to be below 100p.

Mr. Lowry said that Stanley originally paid between 62p and 86p for the shares. The personal holding of Mr. Leonard Steinberg, amounting to nearly 3 per cent of the Standard shares, was also sold recently.

Standard's share price dropped by 11p yesterday on the news to 94p.

at 85p and 5,600 at 86p on June 20. On the same day on behalf of Charterhouse Japhet (account/client) they purchased 300 ordinary shares of the Charterhouse Group at 87p.

STEETLEY SELLS D. H. INDUSTRIES The Steetley Company, mineral processing group, has sold back to its founder a small company acquired in 1978 which markets a range of European-made machinery.

The company is D. H. Industries which was founded by Mr. Dan Sullivan in 1950. Now the Sullivan family, together with Samuel Wills Maeder, a Swiss manufacturing company whose products are marketed in the UK by D. H., have bought the company back.

Following the merger with Gibbons Dugby, the company's operations in the UK and Europe will be restructured, with effect from June 29, into eight wholly-owned subsidiaries under Mr. A. L. Beard, who is managing director of UK and Europe.

PARAMBE SELLS GAS INTERESTS Parambe has sold its entire remaining interest in the Giardinetto and Lucera gas permits to Premier Consolidated Oilfields for 155,830 ordinary shares in Premier.

These have been placed by Laurence, Prust and Company for a net consideration to Parambe of approximately £140,000. The Board has taken into account the continuing delay that seems likely before these interests could produce revenue for the company.

In view of the availability of capital losses it is anticipated that the entire proceeds will be available to develop the company's business as a specialised investment company with an increasing emphasis on unlisted investments.

SHARE STAKES Gairde Corporation—Mr. J. G. Hogg, director, notifies sales of 13,500 shares in which he had a beneficial interest, at 712p.

R. Green Properties—Mr. D. R. Kirch has acquired 10,000 shares making his holding 845,000 shares (6.82 per cent).

Westpool Investment Trust—Sun Life Assurance hold 492,000 shares (less than 5 per cent).

ASSOCIATES DEAL Grieveason, Grant and Company, as associates of Charterhouse Group bought on behalf of discretionary investment clients 50,000 Keyser Ullmann Holdings

LONDON  
PRUDENTIAL

Investment Trust Limited

"Our long term objective is to provide shareholders with a real increase in their dividends i.e. an increase greater than the rise in the cost of living, as long as this is not achieved at the expense of capital values. We shall not be content unless we can achieve this objective."

M. B. Baring, Chairman.

TEN YEAR RECORD  
To year ended 30th April 1980

Dividend (Gross) up 307%  
Retail Price Index up 260%  
Net Asset Value up 152%  
FT Actuaries All Share Index up 93%

Managers:

Kleinwort Benson

Annual General Meeting:  
20 Fenchurch Street, London EC3P 3DB  
on Wednesday 16th July 1980 at 11.45 a.m.

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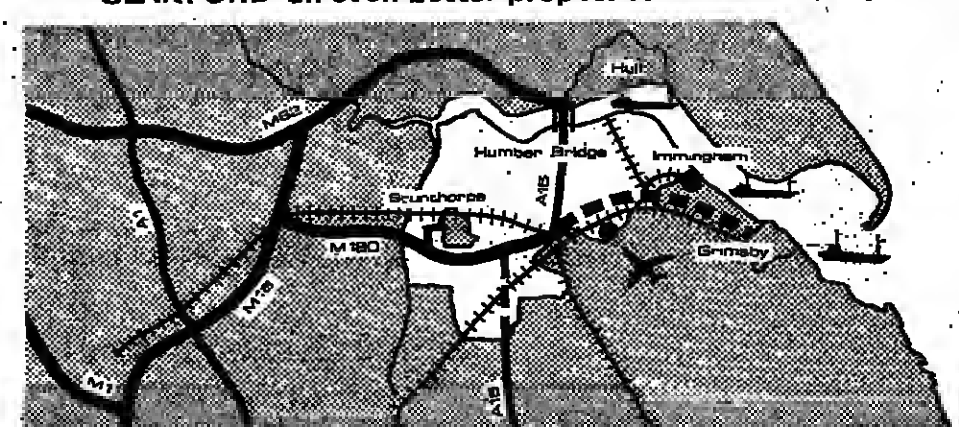
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In Glanford you'll find industrial sites located close to motorways, rail, air and shipping facilities at a very reasonable price — from only £15,000 per acre (fully serviced)!

We want you to succeed in Glanford so why not come and look around, or contact us direct for further information:—

Mr. A. G. ROBSON, A.R.I.B.A., M.R.T.P.I.

PLANNING OFFICER, GLANFORD BOROUGH COUNCIL.

CARY LANE, BRIGG, SOUTH HUMBERSIDE.

DN20 8EZ.

or PHONE BRIGG (0652) 52441 — PHILIP WRIGHT.

\* Proposed by H.M. Government and subject to EEC Commission Approval

JERSEY GENERAL INVESTMENT  
TRUST LIMITED

## Financial Highlights for the year ended April 30, 1980

	1980	1979
Earnings per Ordinary Share (Gross)	17.63p	15.97p
Dividend per Ordinary Share (Gross)	16.50p	14.50p
Total Net Assets	£18,878,474	£20,023,956
Net Asset Value per Ordinary Share	317p	337p

## Extracts from the Statement by the Chairman, Mr. Maurice Letto

Early in the year under review the Trust's exposure to the manufacturing and consumer orientated sectors was appreciably reduced and significant additions made to the oil and energy related industries. The substantial investment in diamond and gold shares—the full benefit of this latter transaction will only become apparent in the current year. Additionally the Trust's investment in nickel, aluminium and tin was also decreased.

We are continuing with our policy of selective investment in areas of potential high growth in income and capital values, including the high technology sector. An estimate of our revenue in the current year anticipates some further reasonable increase and we would hope to be able to recommend a higher dividend for the year to April, 1981, subject to there being no unforeseen deterioration in world-wide political or economic conditions.

Copies of the Report and Accounts are available from the Secretary of the Company  
21 Broad Street, Jersey, C.I.















## Companies and Markets

## THE POUND SPOT AND FORWARD

## WORLD VALUE OF THE POUND

U.S.	2.730-2.245 <sup>0</sup>	2.612-2.342 <sup>5</sup>	1.68-1.56	pe	9.25-4.48-2.36
Canada	2.884-2.370	2.281-2.692	1.70-1.00	pe	9.80-3.80-3.50
Netherlands	2.884-2.370	2.281-2.692	1.70-1.00	pe	9.80-3.80-3.50
Denmark	88.00-86.25	82.86-86.32	3-13	pe	9.25-4.48-2.36
Belgium	12.81-12.85	12.83-12.84	2-10	pe	9.25-4.48-2.36
France	1.050-1.050	1.050-1.050	3-13	pe	9.25-4.48-2.36
W. Ger.	4.11-4.10	4.14-4.14	3-24	pe	9.25-4.48-2.36
Portugal	14.70-14.74	14.74-14.65	15-30	pe	9.25-4.48-2.36
Spain	14.70-14.74	14.74-14.65	15-30	pe	9.25-4.48-2.36
Italy	1.950-1.959	1.955-1.97	0-21	pe	9.25-4.48-2.36
Norway	11.35-11.28	11.35-11.38	0-20	pe	9.25-4.48-2.36
Finland	9.71-9.76	9.76-9.75	0-20	pe	9.25-4.48-2.36
Sweden	9.71-9.76	9.76-9.75	0-20	pe	9.25-4.48-2.36
Japan	20.40-20.50	20.46-20.48	15-30	pe	9.25-4.48-2.36
South Korea	20.40-20.50	20.46-20.48	15-30	pe	9.25-4.48-2.36
Switzerland	3.79-3.83	3.82-3.83	4-34	pe	9.25-4.48-2.36

THE DOLLAR SPOT AND FORWARD					
June 23	Day's spread	Close	One month	% p.a.	Three months

Country	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397</
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† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

**CURRENCY MOVEMENTS**      **CURRENCY RATES**

June 25	Bank of England Index	Morgan Guaranty Change %	June 20	Bank rate %	Special Rights %	Europe Rate %
Sterling	73.8	-82.1	Sterling	17	0.65533	0.64
U.S. dollar	85.3	-10.4	U.S. G.	11	1.32058	1.44
Australian dollar	91.7	-10.1	Canadian \$	10.67	1.31707	1.44
Austrian schilling	166.8	+84.4	Austrian S.	5	1.02943	1.12
Belgian franc	110.2	+14.2	Belgian F.	14	2.75754	1.44
Danish mark	112.8	-1.7	Danish K.	7	2.35494	7.88
Deutsche mark	186.4	+44.3	Denmark	4	2.41747	7.88
Swiss franc	197.6	+79.2	French Fr.	24	2.82649	2.88
British pound	101.7	+18.7	Swiss Fr.	2	0.42820	0.57
French franc	101.7	-8.6	Swiss Fr.	5	1.10398	1.18
Lira	93.9	-92.1	Yon	2	2.88494	2.08
Yon	123.1	-01.1	Norwegian Kr.	2	6.41770	6.08
			Yon	10	98.00000	98.00
			Swedish Kr.	10	—	5.91
			Swiss Fr.	2	1.21469	2.57

Based on trade weighted changes from Washington agreement of December, 1971 (Bank of England Index=100).

## CURRENCY MOVEMENTS

## CURRENCY RATES

[illegible]

## OTHER CURRENCIES

June 23	Pound Sterling	U.S. Dollar	Deutschmark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling 1 U.S. Dollar	0.437	2.428	1,459	500.0	2,510	6,826	4,568	1285	2,092	56.27
		1	1,767	218.1	4,103	1,635	1,937	835.2	1,149	29.30
Deutschmark 1 Japanese Yen	0.362	0.868	1	122.6	2,326	0.894	0.887	472.7	0.651	10.02
	1.978	4.638	8.177	1,000	18.99	7,509	1,097	366.0	6.330	151.0
French Franc 10 Swiss Franc	1.061	2.437	4.308	526.5	1	6,080	4,722	2,056	2.801	69.85
	0.951	0.618	1.082	152.3	2,518	1	1,126	511.4	0.704	17.33
Dutch Guilder 1 Italian Lira	0.920	0.615	0.212	111.8	2,118	0.843	1	431.1	0.092	14.50
	0.511	1.187	4.115	208.7	4,913	1,856	3,320	1,050	1.375	33.98
Canadian Dollar 1 Belgian Franc	0.372	0.870	1.637	188.0	5,870	1,491	1,086	725.7	1.062	24.62
	1.609	3.554	6.245	763.6	14.50	5,772	6,847	2,952	4.368	100

June 25	£
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[illegible]

Rate given for Argentina is free rate

bid 2 5/10	offer 9 5/10	bid 8 0/10	offer 8 7/10	11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris, and Morgan Guaranty Trust
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1. *Journal of the American Medical Association*, 1990; 263: 1025-1026.

June 23	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian \$	Japanese
Short term.....	184-187	23-2	14-15	100-101	1-14	99-104	191-127	15-17	91-94	181-133
7 days' notice.....	184-186	8 7/8-9 1/8	14-15	100-101	612-6	99-104	121-197	15-18	91-92	143-145
Month.....	174-18	9 1/8-9 1/2	12-15	100-104	91-94	99-104	121-193	17-10	91-92	141-143
Three months.....	187-178	9 1/8-9 1/2	11 1/2-11 1/8	100-104	84-94	99-104	121-193	18-18	91-92	141-143
Six months.....	151-153	8 1/8-8 1/2	10-11	100-104	84-94	99-104	121-193	18-19	91-92	141-143
One year.....	151-154	8 1/8-8 1/2	10 1/2-10 1/4	100-104	84-94	99-104	121-193	17 1/2-18 1/4	91-92	91-92

**GOLD**

# Quiet trading

Gold closed at \$595-598 an ounce in the London bullion market yesterday, a fall of \$7 from Friday. Trading was extremely quiet, with very little movement and very little trading. The metal opened at \$595-598, and this represented the range for the day, with prices showing

1

Gold Bullion (fine ounce)				
Cess	\$595.598	(2364.1-354)	\$502.605	(2367.4-358)
Afternoon	\$595.598	(2354-255 1/2)	\$504.507	(2359-350 1/2)
Morning fixing	\$596	(2354.679)	\$503.75	(2358.887)
Afternoon fixing	\$596	(2354.887)	\$502.705	(2357.705)

Gold Coins			
Kruggerand.....	\$617.630	\$661.634	\$2656.1-357
Halfpound.....	\$515.618	\$550.523	\$2500-507
Four Sovereigns.....	\$1011.153 1/2	\$1055.958	\$4000-507
King George.....	\$178.177	\$184.155	\$685.4-561 1/2
Victory.....	\$178.177	\$174.764	\$675.7-781
French 50s.....	\$158.108	\$164.764	\$675.7-781
10 pesos Mexico.....	\$760.745	\$773.158	
100 pesos Austr. ....	\$595.598	\$747.750	
100 Austr. ....	\$760.745	\$747.750	
100 English.....	—	\$596.701	
15 English.....	—	—	

Banks	brought forward	moderate excess of revenue p
moderate surplus balances, but		ment to the Exchequer
this was outweighed by the re-		Government disbursements; a
turnment of the exceptionally		a small net take-up of Treas
large sum borrowed on Friday: a		bilis.

NEW YORK		1950	of deposit	deposits	bonds	Deposits	Deposits	deposits	Bills \$	Bills \$	Bills
Prime Rate	11-12	Over night	—	14-13/4	—	—	—	14-17	—	—	—
Prime Rate	11-12	3 days notice	—	17-1/8	—	—	—	—	—	—	—
Fed. Funds	9-3/4	1 day	—	17-1/8	—	18 1/4	18 1/4	15-1/2	15-1/2	17-1/2	18
Treasury Bills (13-week)	5-87	7 days notice	—	17-1/8	17-1/8	18 1/4	18 1/4	15-1/2	15-1/2	17-1/2	18
Treasury Bills (26-week)	5-85	One month	17-1/8	17-1/8	17-1/8	18 1/4	18 1/4	15-1/2	15-1/2	17-1/2	18
GERMANY											
Discount Rate	7-1/2	Two months	17-1/8	17-1/8	17-1/8	18 1/4	18 1/4	15-1/2	15-1/2	17-1/2	18
Overnight	7-1/2	Three months	16-1/2	16-1/2	16-1/2	17-1/2	17-1/2	15-1/2	15-1/2	16-1/2	18
One month	8-1/2	Six months	16-1/2	16-1/2	16-1/2	17-1/2	17-1/2	15-1/2	15-1/2	16-1/2	18
Three months	9-00	Nine months	16-1/2	16-1/2	16-1/2	17-1/2	17-1/2	15-1/2	15-1/2	16-1/2	18
Six months	9-25	One Year	16-1/2	16-1/2	16-1/2	17-1/2	17-1/2	15-1/2	15-1/2	16-1/2	18
Two years	9-25	Two years	16-1/2	16-1/2	16-1/2	17-1/2	17-1/2	15-1/2	15-1/2	16-1/2	18
FRANCE											
Prime Rate	12-1/2	Local authority and finance houses seven days' notice, others seven days' fixed.	—	—	—	—	—	—	—	—	—
Discount Rate	12-1/2	Prime nominal, three months 13-1/4 per cent; four years 13-1/4 per cent; five years 13-1/4 per cent; six years 13-1/4 per cent; seven years 13-1/4 per cent; eight years 13-1/4 per cent; nine years 13-1/4 per cent; ten years 13-1/4 per cent; eleven years 13-1/4 per cent; twelve years 13-1/4 per cent; thirteen years 13-1/4 per cent; fourteen years 13-1/4 per cent; fifteen years 13-1/4 per cent; sixteen years 13-1/4 per cent; seventeen years 13-1/4 per cent; eighteen years 13-1/4 per cent; nineteen years 13-1/4 per cent; twenty years 13-1/4 per cent; twenty-one years 13-1/4 per cent; twenty-two years 13-1/4 per cent; twenty-three years 13-1/4 per cent; twenty-four years 13-1/4 per cent; twenty-five years 13-1/4 per cent; twenty-six years 13-1/4 per cent; twenty-seven years 13-1/4 per cent; twenty-eight years 13-1/4 per cent; twenty-nine years 13-1/4 per cent; thirty years 13-1/4 per cent; thirty-one years 13-1/4 per cent; thirty-two years 13-1/4 per cent; thirty-three years 13-1/4 per cent; thirty-four years 13-1/4 per cent; thirty-five years 13-1/4 per cent; thirty-six years 13-1/4 per cent; thirty-seven years 13-1/4 per cent; thirty-eight years 13-1/4 per cent; thirty-nine years 13-1/4 per cent; forty years 13-1/4 per cent; forty-one years 13-1/4 per cent; forty-two years 13-1/4 per cent; forty-three years 13-1/4 per cent; forty-four years 13-1/4 per cent; forty-five years 13-1/4 per cent; forty-six years 13-1/4 per cent; forty-seven years 13-1/4 per cent; forty-eight years 13-1/4 per cent; forty-nine years 13-1/4 per cent; fifty years 13-1/4 per cent; fifty-one years 13-1/4 per cent; fifty-two years 13-1/4 per cent; fifty-three years 13-1/4 per cent; fifty-four years 13-1/4 per cent; fifty-five years 13-1/4 per cent; fifty-six years 13-1/4 per cent; fifty-seven years 13-1/4 per cent; fifty-eight years 13-1/4 per cent; fifty-nine years 13-1/4 per cent; sixty years 13-1/4 per cent; sixty-one years 13-1/4 per cent; sixty-two years 13-1/4 per cent; sixty-three years 13-1/4 per cent; sixty-four years 13-1/4 per cent; sixty-five years 13-1/4 per cent; sixty-six years 13-1/4 per cent; sixty-seven years 13-1/4 per cent; sixty-eight years 13-1/4 per cent; sixty-nine years 13-1/4 per cent; seventy years 13-1/4 per cent; seventy-one years 13-1/4 per cent; seventy-two years 13-1/4 per cent; seventy-three years 13-1/4 per cent; seventy-four years 13-1/4 per cent; seventy-five years 13-1/4 per cent; seventy-six years 13-1/4 per cent; seventy-seven years 13-1/4 per cent; seventy-eight years 13-1/4 per cent; seventy-nine years 13-1/4 per cent; eighty years 13-1/4 per cent; eighty-one years 13-1/4 per cent; eighty-two years 13-1/4 per cent; eighty-three years 13-1/4 per cent; eighty-four years 13-1/4 per cent; eighty-five years 13-1/4 per cent; eighty-six years 13-1/4 per cent; eighty-seven years 13-1/4 per cent; eighty-eight years 13-1/4 per cent; eighty-nine years 13-1/4 per cent; ninety years 13-1/4 per cent; ninety-one years 13-1/4 per cent; ninety-two years 13-1/4 per cent; ninety-three years 13-1/4 per cent; ninety-four years 13-1/4 per cent; ninety-five years 13-1/4 per cent; ninety-six years 13-1/4 per cent; ninety-seven years 13-1/4 per cent; ninety-eight years 13-1/4 per cent; ninety-nine years 13-1/4 per cent; one hundred years 13-1/4 per cent; one hundred and one years 13-1/4 per cent; one hundred and two years 13-1/4 per cent; one hundred and three years 13-1/4 per cent; one hundred and four years 13-1/4 per cent; one hundred and five years 13-1/4 per cent; one hundred and six years 13-1/4 per cent; one hundred and seven years 13-1/4 per cent; one hundred and eight years 13-1/4 per cent; one hundred and nine years 13-1/4 per cent; one hundred and ten years 13-1/4 per cent; one hundred and eleven years 13-1/4 per cent; one hundred and twelve years 13-1/4 per cent; one hundred and thirteen years 13-1/4 per cent; one hundred and fourteen years 13-1/4 per cent; one hundred and fifteen years 13-1/4 per cent; one hundred and sixteen years 13-1/4 per cent; one hundred and seventeen years 13-1/4 per cent; one hundred and eighteen years 13-1/4 per cent; one hundred and nineteen years 13-1/4 per cent; one hundred and twenty years 13-1/4 per cent; one hundred and twenty-one years 13-1/4 per cent; one hundred and twenty-two years 13-1/4 per cent; one hundred and twenty-three years 13-1/4 per cent; one hundred and twenty-four years 13-1/4 per cent; one hundred and twenty-five years 13-1/4 per cent; one hundred and twenty-six years 13-1/4 per cent; one hundred and twenty-seven years 13-1/4 per cent; one hundred and twenty-eight years 13-1/4 per cent; one hundred and twenty-nine years 13-1/4 per cent; one hundred and thirty years 13-1/4 per cent; one hundred and thirty-one years 13-1/4 per cent; one hundred and thirty-two years 13-1/4 per cent; one hundred and thirty-three years 13-1/4 per cent; one hundred and thirty-four years 13-1/4 per cent; one hundred and thirty-five years 13-1/4 per cent; one hundred and thirty-six years 13-1/4 per cent; one hundred and thirty-seven years 13-1/4 per cent; one hundred and thirty-eight years 13-1/4 per cent; one hundred and thirty-nine years 13-1/4 per cent; one hundred and forty years 13-1/4 per cent; one hundred and forty-one years 13-1/4 per cent; one hundred and forty-two years 13-1/4 per cent; one hundred and forty-three years 13-1/4 per cent; one hundred and forty-four years 13-1/4 per cent; one hundred and forty-five years 13-1/4 per cent; one hundred and forty-six years 13-1/4 per cent; one hundred and forty-seven years 13-1/4 per cent; one hundred and forty-eight years 13-1/4 per cent; one hundred and forty-nine years 13-1/4 per cent; one hundred and fifty years 13-1/4 per cent; one hundred and fifty-one years 13-1/4 per cent; one hundred and fifty-two years 13-1/4 per cent; one hundred and fifty-three years 13-1/4 per cent; one hundred and fifty-four years 13-1/4 per cent; one hundred and fifty-five years 13-1/4 per cent; one hundred and fifty-six years 13-1/4 per cent; one hundred and fifty-seven years 13-1/4 per cent; one hundred and fifty-eight years 13-1/4 per cent; one hundred and fifty-nine years 13-1/4 per cent; one hundred and sixty years 13-1/4 per cent; one hundred and sixty-one years 13-1/4 per cent; one hundred and sixty-two years 13-1/4 per cent; one hundred and sixty-three years 13-1/4 per cent; one hundred and sixty-four years 13-1/4 per cent; one hundred and sixty-five years 13-1/4 per cent; one hundred and sixty-six years 13-1/4 per cent; one hundred and sixty-seven years 13-1/4 per cent; one hundred and sixty-eight years 13-1/4 per cent; one hundred and sixty-nine years 13-1/4 per cent; one hundred and seventy years 13-1/4 per cent; one hundred and seventy-one years 13-1/4 per cent; one hundred and seventy-two years 13-1/4 per cent; one hundred and seventy-three years 13-1/4 per cent; one hundred and seventy-four years 13-1/4 per cent; one hundred and seventy-five years 13-1/4 per cent; one hundred and seventy-six years 13-1/4 per cent; one hundred and seventy-seven years 13-1/4 per cent; one hundred and seventy-eight years 13-1/4 per cent; one hundred and seventy-nine years 13-1/4 per cent; one hundred and eighty years 13-1/4 per cent; one hundred and eighty-one years 13-1/4 per cent; one hundred and eighty-two years 13-1/4 per cent; one hundred and eighty-three years 13-1/4 per cent; one hundred and eighty-four years 13-1/4 per cent; one hundred and eighty-five years 13-1/4 per cent; one hundred and eighty-six years 13-1/4 per cent; one hundred and eighty-seven years 13-1/4 per cent; one hundred and eighty-eight years 13-1/4 per cent; one hundred and eighty-nine years 13-1/4 per cent; one hundred and ninety years 13-1/4 per cent; one hundred and ninety-one years 13-1/4 per cent; one hundred and ninety-two years 13-1/4 per cent; one hundred and ninety-three years 13-1/4 per cent; one hundred and ninety-four years 13-1/4 per cent; one hundred and ninety-five years 13-1/4 per cent; one hundred and ninety-six years 13-1/4 per cent; one hundred and ninety-seven years 13-1/4 per cent; one hundred and ninety-eight years 13-1/4 per cent; one hundred and ninety-nine years 13-1/4 per cent; two hundred years 13-1/4 per cent; two hundred and one years 13-1/4 per cent; two hundred and two years 13-1/4 per cent; two hundred and three years 13-1/4 per cent; two hundred and four years 13-1/4 per cent; two hundred and five years 13-1/4 per cent; two hundred and six years 13-1/4 per cent; two hundred and seven years 13-1/4 per cent; two hundred and eight years 13-1/4 per cent; two hundred and nine years 13-1/4 per cent; two hundred and ten years 13-1/4 per cent; two hundred and eleven years 13-1/4 per cent; two hundred and twelve years 13-1/4 per cent; two hundred and thirteen years 13-1/4 per cent; two hundred and fourteen years 13-1/4 per cent; two hundred and fifteen years 13-1/4 per cent; two hundred and sixteen years 13-1/4 per cent; two hundred and seventeen years 13-1/4 per cent; two hundred and eighteen years 13-1/4 per cent; two hundred and nineteen years 13-1/4 per cent; 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seven hundred and nine years 13-1/4 per cent; seven									

PLACE AND LOCAL UNIT	VALUE OF £ STERLING	PLACE AND LOCAL UNIT	VALUE OF £ STERLING	PLACE AND LOCAL UNIT	VALUE OF £ STERLING
Achahanistan Achahant	101.89	Banarhat Banahat	16.94	Chester Chester	14,722.54

PLACE AND LOCAL UNIT	VALUE OF £ STERLING	PLACE AND LOCAL UNIT	VALUE OF £ STERLING	PLACE AND LOCAL UNIT	VALUE OF £ STERLING			
Afghanistan.....	Afghani	101.50	Ireland.....	Danah Kroner	12.94	Peru.....	Sol	1000 (A) 592.34
Albania.....	Lek	10.10	Greece (E).....	E. Caribbeean \$	6.534	Philippines.....	Philippine Peso	17.00
Algeria.....	D. 0.8850		Guatemala.....	U.S. Franc	2.3430	Pitcairn Islands (S).....	£ Sterling	
Andorra.....	(French Franc)	9.61	Gum.....	2.3430		New Zealand \$	2.8560	
Angola.....	Danah Peseta	164.10	Guatemala.....	Quetzal	2.3430	Poland.....	Zloty	(Cm) 17.19
Antigua (S).....	E. Caribbeean \$	6.284	Guinea Republic.....	Guinea Bissau	2.3430	Portugal.....	Portugues Escudo	114.83
Argentina.....	Ar. Paso Free Rate	2.017	Guinea Bissau.....	Peso	77.85	Port Timor.....	Timor Escudo	114.05
Australia (C).....	Australian \$	2.015	Guinea Bissau.....	Guinean \$	4.770	Qatar (S).....	Qatar Riyal	3.44
Austria.....	Schilling	35.405	Hong Kong (S).....	H.K. \$	1.14225	Romania.....	Leu	(Cm) 10.48
Assam.....	Portug. Escudo	114.95	Hungary.....	Forint	(Cm) 94.2518	Rwanda.....	Rwanda Franc	212.48
Bahama (S).....	Ba. Dollar	0.878			(Tm) 33.00	S. Christopher (S).....	S. Caribbeean \$	6.084
Bahrain (S).....	Ba. Dollar	0.878	Iceland (S).....	I. Kroner	1.066.0	S. Diego (S).....	S. Caribbeean \$	6.084
Barbados (S).....	Spa. Peseta	164.10	India (S).....	Ind. Rupee	16.32	S. Lucia.....	E. Caribbeean \$	6.594
Bangladesh.....	Taka	16.32	Indonesia.....	Rupiah	16.32	S. Pierre.....	Local Franc	8.61
Belarus (S).....	S. Franc	(Cm) 65.27	Iran.....	Rial	n/a	S. Vincent & S. Grenadine	S. Caribbeean \$	6.084
Belgium.....	B. \$	(Cm) 65.27	Iraq.....	Iraq Dinar	0.6885	Salvador (S).....	Colon	8.83
Belize.....	B. \$	(Cm) 65.27	Israel.....	Shekel	11.575	Samoa American.....	Samoa Dollar	9.2480
Benin.....	C.F.A. Franc	480.5	Italy.....	Lira	2.010	San Marino.....	San Marino Lira	60.10
Bermuda (S).....	Bermudian \$	164.10	Ivory Coast.....	C.F.A. Franc	480.5	Sao Paulo.....	Sao Paulo Real	100.00
Bhutan.....	Indian Rupee	16.32	Japan.....	Japanese Dollar	4.1770	Senegal.....	C.F.A. Franc	68.10
Bolivia.....	Bolivian Peso	164.10	Japan.....	Yen	506.0	Seychelles.....	S. Rupee	14.50 (S) 1.75
Bosnia (S).....	Bosnian \$	1.5835	Jordan (S).....	Jordan Dinar	9.810.4	Singapore (S).....	Singapore \$	4.9350
Brazil.....	Duizento \$	120.01	Kampuchea.....	Riel	9.810.4	Sri Lanka (S).....	Sri Lanka \$	4.9350
British Indian Isles (S).....	U.S. \$	9.810	Kenya (S).....	Kenya Shilling	10.975	Sri Lanka (S).....	Sri Lanka \$	4.9350
Brunei (S).....	Brunei \$	4.9350	Kiribati.....	Australian \$	2.010	Sudan.....	Sudan \$	1.9040
Bulgaria.....	Lev	1.950	Korea (S).....	Won	1.401.51	Swaziland.....	Swaziland Shilling	1.9040
Burkina Faso.....	Burkina \$	12.0	Kuwait.....	Kuwaiti Dinar	0.684	South Africa (S).....	South African Rand	1.9075
Burundi.....	Burundi Franc	210.225	Kyrgyzstan.....	Kip Pwt	906.0	South West African.....	N. S. Rand	1.8075
Cameroon Republic (C.F.A. Franc).....	480.5		Laos.....	Kip Pwt	906.0	Spain.....	Peseta	164.10
Canada.....	Canadian \$	8.5917	Latvia.....	Lats	1.80970	Spanish ports in.....	Peseta	164.10
Cayman Islands.....	Spanish Peseta	164.10	Liberia.....	Libertan \$	2.3482	Sri Lanka (S).....	S. L. Rupee	0.710
Czech Rep. (C.F.A. Franc).....	480.5		Libya.....	Libyan \$	2.3482	Sudan Republic.....	Sudan \$	1.917
Cayman Islands (C.F.A. Franc).....	480.5		Liechtenstein.....	Swiss Franc	3.825	Sudan (S).....	Sudan \$	1.917
Chad.....	C.F.A. Franc	480.5	Luxembourg.....	Lux Franc	65.27	Surinam.....	S. Guilder	4.1280
China.....	C. Peso	(R) 91.36	Madagascar.....	Malagasy \$	16.40	Swaziland (S).....	Swaziland Shilling	1.9040
Chile.....	Rammbini Yuan	5.4088	Malawi (S).....	Kwacha	1.80	Switzerland.....	Swiss Franc	6.538
Colombia.....	C. \$	1.515	Maldives Islands (S).....	Maldivian \$	0.0050	Syria.....	Syria \$	(A) 14.970
Comoro Islands.....	C.F.A. Franc	480.5	Mali.....	Malian \$	9.180	Taiwan.....	New Taiwan Dollar	1994.20
Congo (Brazzaville).....	C.F.A. Franc	480.5	Mali Republic.....	Malian \$	9.180	Thailand.....	Baht	47.50
Congo (Kinshasa).....	C.F.A. Franc	480.5	Martinique.....	French Franc	6.538	Togo Republic.....	Togo CFA Franc	8.0218
Cuba.....	Cuban Peso	1.5835	Mauritania.....	Ouguiya	85.10	Trinidad (S).....	Trinidad & Tob. \$	8.8210
Cyprus (S).....	Cypriot \$	0.510	Mexico.....	Mexican Peso	52.53	Tunisia.....	Tunisian Dollar	1.9040
			Moldova.....	C.F.A. Franc	480.5	Turkey.....	Turkish Lira	1.9040
			Mongolia.....	Tugrik	(C) 1.0511	Turks & Caicos.....	U.S. \$	2.3430
			Morocco.....	E. Caribbeean \$	6.534	Tuvalu.....	Australian \$	0.6210
			Mozambique.....	Meticlo	66.50	Uganda (S).....	Uganda \$	15.00
						Uganda (S).....	Uganda \$	15.00
						Uruguay.....	Uruguay Peso	8.5490
								(Cm) 20.90
								1.80.91
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\*That part of the French community in Africa formerly French West Africa or French Equatorial Africa. †Rupee per pound. ‡General rates of oil and iron exports 88.35. \*\*Rate is the transfer market (controlled). ††Rate is now based on 2 Barbadoes 5-to the dollar. ‡‡Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt, and who are not members of the IMF. (I) Based on gross rates against Russian ruble. (1) Official rate for exports and imports. (2) Parallel rate for all transactions except specified exports and imports.

# Financial Management for the Non-Financial Executive

The greater understanding of financial management techniques for non-financial managers is the purpose of a two-week course arranged by the Financial Times and the City University in London on 14–25 July 1980. The course is planned to provide background information on the various financial 'forces' in the modern business world as well as focusing on the analysis and interpretation of financial accounts, financing a business and the valuation of companies, budgets and budgetary control techniques, financial planning and control.

The ten days of instruction are broken down into lectures, case studies and various group exercises so that participants take an active part in the programme.

This course was first held in 1977 and each year has attracted substantial support from Britain and abroad. The suggestions of tutors and participants from previous courses have been taken fully into account in preparing this year's programme and the sponsors believe its value will have been increased still further.

To: Financial Times Limited, Conference Organisation  
Minster House, Arthur Street, London EC4R 9AX. Tel: 01-621 1355 Telex 27347 ETCONF G

Please send me full details of your International Summer School '80

Name \_\_\_\_\_ Company \_\_\_\_\_

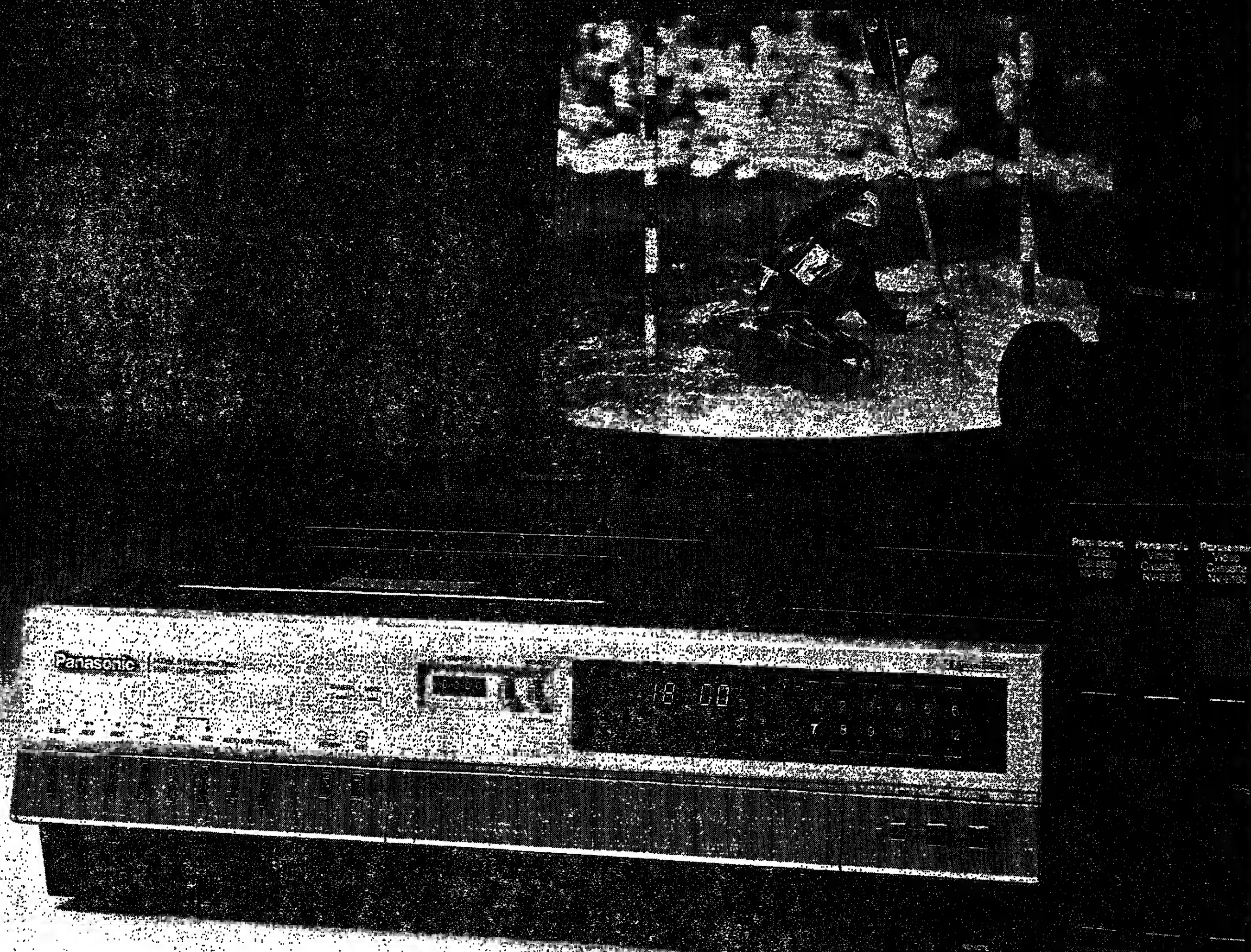
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\_\_\_\_\_ Tel: \_\_\_\_\_



# The world's favourite home video system now has an 8-programme, 14-day memory.



VHS is already far and away the world's favourite home video system.

Our VHS recorders owe their superb picture quality to their quartz-locked, direct-drive video cylinder motor and rugged aluminium diecast chassis. A design combination born of the Matsushita group's matchless experience in the demanding fields of audio components and TV studio equipment.

Now the new NV-7000, with a compact new motor and chassis, raises performance and flexibility to new heights. While taking up even less space than its predecessor.

It can be programmed to make

up to eight separate recordings off the same or different channels. Up to 14 days ahead.

The remote control supplied with the 7000 commands twelve different functions. Including scene seek. (Press the cue and review button and you can scan a tape backwards or forwards at nine times normal speed).

You can also flip through a tape at double speed to reach the action. Then slow it down to half-speed. Freeze it. Advance the picture frame by frame.

The 7000 has a 12-channel preset electronic tuner. Dolby\* noise

reduction. Feather-touch electronic switches that enable you to instantly change from, say, rewind to play without pushing the stop button.

In fact, this is the smartest, most sophisticated video recorder we've ever offered for your home.

But don't take our word for it. Go along to your Panasonic dealer and see for yourself.

Any video recorder sets a family free from TV time-tables. But you're clearly better off with a Panasonic.



## Home Video Recorder

# National Panasonic

Panasonic, National and Technics are the brandnames of Matsushita Electric.

For further details please contact: National Panasonic (UK) Ltd., 308/318 Bath Road, Slough, Berks SL1 6JL. Tel: Slough 34522.

The products sold by National Panasonic (UK) Limited comply with the British safety regulations and are accompanied by our warranty card. Only our AUTHORISED DEALERS can offer you all the advantages of our after-sales service support. When you buy, ask to see our warranty card - it is your guarantee of protection.

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## JOBS COLUMN, APPOINTMENTS

## Dearth of engineers in them thar plains

BY MICHAEL DIXON

AMONG THOSE who suspect that today's rising generations lack the spirit of their great-grandparents, is Tony Reeves, the managing director of Overseas Recruitment Services.

It is, after all, but 84 years since the mere hope of finding gold had people jumping up and down with impatience to get to the frozen wastes of the far North West of Canada. And when, with the day's vain panning done, they found the long cold nights hanging heavy on their hands, did they sit about complaining about the shortage of organised leisure facilities? Not a bit of it. They cheerfully occupied themselves with shooting Dan McGreaves and taking out contracts to bury the body of Blasphemous Bill McKays and other improvised entertainments, not all of which were at the expense of Scotsmen.

By contrast, the life offered by the jobs Mr. Reeves is handling on behalf of the Aquitaine energy group, is a definite doddle.

For one thing, they hold out not the slender hope of finding oil, gas or coal. For another, the jobs are located more than 1,000 miles to the south-east of the Klondike, in Alberta Province. The climate there "is on the whole beautiful and invigorating," according to my encyclopedia, even though the Chinook wind which is apt to

raise the temperature somewhat suddenly by 30 degrees or so, "is not entirely beneficial."

In fact, the company's base is at Calgary where tourists flock every year to see the famous Stampede. But there seems to be quite the reverse of a stampede to work there — certainly by the qualified and experienced oil, gas and coal-production engineers now "desperately" wanted by Aquitaine.

As a "medium-sized company riding the current Canadian oil boom," says Tony Reeves, his client can offer good prospects of promotion to such specialists as might feel themselves stuck in the hierarchy of a big group producing in the North Sea or the desert.

The salary range is Canadian \$30,000 to \$50,000. Other benefits include help with house-purchase and full payment of costs of relocation.

Inquiries to Tony Reeves at 37 Golden Square, London W1R 4AL; telephone 01-439 9451.

## Car venture

ECONOMIC conditions could have been kinder to De Lorean Motor Cars whose new Dunmurry works, near Belfast, is soon to produce its first vehicle: the 120 mph DMC-12 sports car, initially for the U.S. market at a price of almost \$30,000. For one thing, the effect of inflation on setting-up

costs has caused the company to ask the UK Government to increase the £56m already accorded in grants and loans by roughly another £10m.

But David Adams, the company comptroller, and his colleagues are treating adversity as an opportunity to succeed better. With a view to which, they are seeking several financial types to help not only in getting the DMC-12 on the roads, but also in planning the next product: an advanced saloon model.

Of the two main jobs, one is for a corporate planner with qualifications and experience in the use of computer-based techniques of analysing and assessing business possibilities, and of developing short- and long-range plans. The second is for a cost accountant, either qualified and familiar with the manufacture of consumer products or unqualified and deeply versed in the automotive industry.

No salaries are quoted, but I estimate that these two recruits would be offered around £18,000 with a car among the perks.

There are also openings, at salaries I would guess at £8,000 or a bit more, for a senior financial analyst with experience of central finance in a big corporation, and for an investment analyst with first-hand knowledge of major capital projects. Inquiries in each case to Mr. Adams at Dunmurry Industrial

Estate, Dunmurry, Co. Antrim, Northern Ireland BT17 9J; tel. Belfast (0232) 611177, telex 748060.

## Quality what?

ALMOST EVERY week by telephone puts me in touch with several people who clearly no more intended to speak to me than I did to them. So I could well believe recruitment consultant Geoffrey King when he told me the other day that quality-control measures such as product-inspection are now regarded as passé by the manufacturers of telecommunications and other equipment based on electronics.

What was harder to understand was Mr. King's further claim that such outdated measures are being replaced by something called "quality assurance." And my first thought was that this must be a process resembling life assurance, in the sense that it does not so much assure us of quality as help us to feel less distressed about the inevitable loss of it.

But no, Geoffrey King went on to assure me that quality assurance is now respected as a "key function" in high-technology manufacturing, its purpose being to "influence" all ranks into ensuring that from the outset, the requisite quality is built into both the complex hardware and associated soft-

ware which the organisation is producing.

Quite how the function thus functions proved too complex for me to grasp. But it was urged upon me strongly, first that there do exist several expert functionaries of the type described even though it is obvious that none has come within 100 miles of any telecommunications equipment I handle and second that some of them must read this column.

If so, Mr. King would like to hear from any who have successfully done this type of work, covering software as well as hardware and spanning several different divisions, in computer manufacture, electronics, avionics, aerospace or semi-conductors. Candidates must also have demonstrably high analytical ability and be consummate influencers, especially of people high in the hierarchy.

Whoever joins his unnamed client as manager, quality assurance will be based in Greater London and have a small headquarters team in support.

The salary indicator is £20,000. Perks include a car.

Inquiries to Geoffrey King at 1a Rose Crescent, Cambridge CB2 3LE; tel. 0223 313116. He will not identify any applicant who so requests to the employer until specific permission is given. Nor will the next head-hunter.

## Roadworks

HE IS Bernard Baboulène of BLS Consultants, who seeks a manager for the road-surfacing division of a family group based in the Wirral area. Responsible for the deputy chairman, the recruit will head about 24 people including two eight-strong operating teams. Contracts are overwhelmingly for local authorities and government departments and the main task is to see that the work is done with a minimum waste of workers' time and of materials.

Other responsibilities include supervision of quotations, contract documents and so on, helping with budgeting, liaison with research so as to improve working techniques and some plant-hire business.

Candidates should have first-hand knowledge of the management of comparable contract work. Experience in the associated sales and marketing, preferably with appropriate contracts, would be a great advantage. A relevant technical qualification would help, too.

Indicator for earnings—salary plus a stepped commission—is about £15,000. Car among other benefits.

Inquiries to Mr. Baboulène at 10 Richmond Avenue, London SW20 5LA; tel. 01-540 5534, for answering service 01-542 8873.

## APPOINTMENTS

## Chef and Brewer reorganisation

Following the reorganisation of Grand Metropolitan into six divisions, announced last week, re-allocation of responsibilities has taken place on the Board of CHEF AND BREWER.

Mr. W. F. Hannon remains chairman of Chef and Brewer until his retirement next year. Mr. A. J. G. Sheppard, chief executive of the group, will join the Board as deputy chairman. Mr. Hannon relinquishes his position as chief executive to Mr. T. O. Thwaites, the managing director. Mr. C. H. R. Troup, a director and general manager of Chef and Brewer's East Midlands subsidiary, Hamilton Taverns, is appointed to the Board of Chef and Brewer in the new post of managing director, responsible for corporate planning and marketing, property development, catering, purchasing and public relations departments. He will also become chairman of Tucktools, a leisure centre operated by Chef and Brewer at Christchurch, Dorset. Mr. D. R. Woodrow, managing director, Clifton Inns, will, in addition to his existing responsibilities for Clifton Inns, become chairman of Falcon Catering Enterprises. Mr. P. Whitcher will be appointed a director and general manager of Hamilton Taverns, in succession to Mr. Troup. All other Board appointments remain unchanged.

Mr. Patrick Holden, company secretary, has joined the main Board of the ORIEL FOODS GROUP. John N. Hannon has become financial director.

Mr. L. E. G. Livingstone-Learmonth has been appointed managing director of HAMPTON GOLD MINING AREAS from July 21. He is at present manager of mining operations at Charter Consolidated, and a director of a number of Charter Group, associated and other companies.

Mr. Ian C. Carr has been elected president of the NATIONAL ASSOCIATION OF BRITISH AND IRISH MILLERS for 1980-81. The new vice-president of the Association is Mr. Bryan G. Read.

Mr. Terence Mallinson has been appointed chairman of the BUILDING CENTRE GROUP, succeeding Mr. Michael Collins. Mr. Mallinson is a director of Mallinson-Dempy.

Mr. Gordon Thompson has been appointed a non-executive director on the Board of WILLIAMS AND JAMES (ENGINEERS). Mr. Thompson was formerly group managing director of Henry Sykes, of London, and he succeeds Mr. James Dumbrough, who recently retired as non-executive director from the Williams and James Board.

Mr. Geoffrey P. Webb, general manager of the ARO CORPORATION (UK), has been appointed managing director.

Mr. John Strophair has been appointed marketing and sales director for RECKITT INC., a subsidiary of Ault and Wiborg Group.

C. T. BOWRING AND CO has made the following appointments: Bowring Rose: Mr. J. A. Thomas, chairman, and Mr. H. W. Gunter, and Mr. R. W. Sibthorpe, assistant directors. Matthews Mulcahy and Sutherland: Mr. P. Whyte, a director. Bowring Tyson: Mr. L. F. Doherty, a director. Transglobe Underwriting Management: Mr. A. D. Malcolm, a director. Aurora Underwriters: Mr. P. W. Donovan, a director.

Mr. Errol Bishop has been appointed managing director of SYSTEMS DESIGNERS LIMITED, in which the National Enterprise Board has a minority interest. He takes over from Mr. Philip Swinstead, who continues as chairman of SDI and Systems Production as well as chairman and managing director of the group holding company, Systems Designers International.

Mr. R. A. Francis has been appointed sales director of DLW (BRITAIN).

Mr. Jack Edmond is to retire from the BANK OF COUNTY on June 30. He will be succeeded as head of investment division by Mr. Michael Corlett.

Mr. David Simpson has been appointed managing director of the transport group within TCM International Services. Division He will succeed Mr. Richard Hotiott as chairman of the transport group next year. He was previously finance director of the international services division. Mr. Roger Weston has been appointed finance director of TCM's international services division in succession to Mr. Simpson and becomes a member of the divisional Board. He will also be responsible for TCM Business Systems and Training Power, two companies which have been transferred from TCM's automotive services division. Mr. Gordon Gibson, deputy chairman of Pre-Delivery Inspection Holdings, which Toner Kemsley and Millbourn acquired last month, has been appointed to the Board of the TCM international services division. Mr. Reginald Keel continues to be a director of the TCM international services division following his retirement from the main Board of Toner Kemsley and Millbourn (Holdings). He is the chairman of the Insurance Group. Board within the international services division and will co-ordinate the activities of the various insurance operations within the TCM group.

a director. Mr. David Gamble has been appointed to the Board of the bank from July 1.

Mr. Peter Wood has been appointed deputy treasurer of BARCLAYS BANK INTERNATIONAL from July 1. He was previously treasurer of Barclays Merchant Bank.

Mr. V. E. Kilgour is to retire from the Board of ABBEY NATIONAL BUILDING SOCIETY on medical grounds on June 30.

Mr. John P. LaWare has become a director of ATLANTIC INTERNATIONAL BANK and chairman of SHAWMUT BANK OF BOSTON MA from June 30. Mr. LaWare, formerly president of Shawmut, succeeds Mr. D. Thomas Trigg in both positions. Mr. William F. Crug, the newly appointed president of Shawmut, has been made an alternate director of Atlantic International from the end of this month.

ROYAL INSURANCE states that Mr. L. L. Rushton, deputy general manager for the UK, is being succeeded by the U.S. organisation for two years. He is being appointed an executive vice-president of Royal Insurance's U.S. companies and will take up his duties on September 1.

Mr. H. A. Mitchell, until recently a director and deputy group chief executive (international business) of the National Bank, has joined the Board of BOW BANKING CORPORATION, Zurich.

Mr. William H. Ryland, senior vice-president of the RIGGS NATIONAL BANK OF WASH-

INGTON, D.C., has been appointed general manager of the recently opened London branch at 8 Laurence Pountney Hill, EC4A.

Mr. William Ryland

Mr. David Simpson

Mr. Gordon Thompson

Mr. John Strophair

Mr. Errol Bishop

Mr. R. A. Francis

Mr. Jack Edmond

Mr. David Simpson

Mr. Gordon Gibson

Mr. Reginald Keel

Mr. R. A. Francis

Mr. Jack Edmond

Mr. David Simpson

Mr. Gordon Gibson

Mr. Reginald Keel

## DIRECTOR of FINANCE

Salary Range: £15,477—£17,073 Based in Belfast

This is a major career opportunity for a competent and experienced professional accountant who possesses the will and ability to assume responsibility for the total financial management of the NI Housing Executive.

The Housing Executive is the single statutory housing authority in Northern Ireland with a stock of nearly 200,000 dwellings and an annual capital and revenue budget exceeding £300 million.

The Director of Finance reports directly to the Executive's Board through the Chief Executive who is Vice Chairman of the Board.

You will be responsible for the accounts of the Executive and for financial management and financial policy including borrowing. The work of the Division includes accounting work generally with computerised systems which may be augmented as appropriate, financial management for the newly re-organised structure, salaries and wages, internal control systems, rental structure and rent rebate schemes and comprehensive financial planning of both Capital and Revenue Expenditure with Budgeting Control.

The person appointed will enjoy all the benefits normally associated with a post of this importance and will, if necessary, receive help with removal expenses. Northern Ireland is noted for excellent educational and recreational facilities and housing accommodation in highly attractive and peaceful rural settings within a short distance from Belfast.

If you are keen to accept the challenge and feel you can make a positive contribution in this top level function then you should write immediately for an Application Form and full Job Description to

**The Director of Personnel and Management Services, Northern Ireland Housing Executive, 1 College Square East, Belfast BT1 6BA.**

Completed applications should be returned not later than... **14th July, 1980**

Housing Executive

## RECONCILIATION DEPARTMENT MANAGER

Major American bank is seeking an experienced Department Manager for its Reconciliation Department. Applicants must have a banking background with at least five years' reconciliation experience.

Salary negotiable plus excellent fringe benefits. Please write, including full career and education details to:

Box A.7210, Financial Times, 10, Cannon Street, EC4P 4BY.

We are a medium-large firm of London Stockbrokers who require a young, fully-trained, intelligent

## FIXED INTEREST SPECIALIST

to work on own initiative. The successful applicant will probably be aged 20-30 and at present employed by a large firm where scope for advancement is limited.

Apply with full c.v. to Box A.7206 Financial Times, 10 Cannon Street, EC4P 4BY

## STOCKBROKERS

Require experienced NOMINEE CLERK. Excellent salary, plus Bonus, normal fringe benefits. Ring Admin, Partner 582 2371

## PARIS MERCHANT BANK

BONDS PORTFOLIO MANAGER. The candidate, aged 30-35, should have upper level general financial qualifications and, ideally, experience as an administrator. He will have already gained a minimum of five years' experience in the management of international bonds and in the foreign bondholder markets. Please apply to Box A.7206, Financial Times, 10, Cannon Street, EC4P 4BY.

Major firm of London stockbrokers with large international business has a vacancy for an

## ASSISTANT ACCOUNT EXECUTIVE

competent to handle home and overseas bank and trustee investment enquiries with the minimum of supervision. Good knowledge of investment statistics essential. Remuneration according to experience and there is a non-contributory pension scheme. Please write in first instance with details of experience to Box A.7208, Financial Times, 10, Cannon Street, EC4P 4BY.

## FIELDING NEWSON-SMITH &amp; CO. INTERNATIONAL SETTLEMENT

We have a vacancy for a senior clerk in our foreign settlement department. The successful applicant will have at least five years' stockbroking experience and be thoroughly conversant with current foreign settlement procedures.

The position offers an opportunity to participate in an expanding area, with excellent career prospects.

Please telephone 01-606 7431 for an appointment

## UNIVERSITY OF STERLING CHAIR OF BUSINESS STUDIES

Applications are invited for a newly established Chair of Business Studies. The successful applicant will be expected to guide the development of Business Studies in the University.

Further details are available from the Secretary, University of Sterling, FK9 4LA to whom applications together with the names of 3 referees should be submitted by 5th August 1980.

## COMPANY NOTICES

**CASSIAR ASBESTOS CORPORATION LIMITED**  
DIVIDEND NO. 75  
NOTICE IS HEREBY GIVEN that the dividend of Twenty-five pence (25p) has been declared payable in cash to the holders of the ordinary shares of the company on 11th July 1980.  
By Order of the Board,  
A. T. KANE,  
Vice President and Secretary.  
10th June 1980.

**URUGUAY 5 PER CENT CONVERSION GOLD LOAN 1980**  
URUGUAY 5 PER CENT PUBLIC WORKS LOAN 1980  
ASSISTED BONDS  
Williams & Glyn's Bank Limited hereby give notice that they have received instructions from the Banque de Paris et des Pays-Bas S.A. Paris to pay to the holders of the above bonds the interest of 5% per annum on the principal sum of £1,000,000,000, due on 1st July 1980, in sterling at the rate of £0.175 per unit coupon. This represents interest in accordance with the terms of the offer of the Uruguyan Government dated 3rd January, 1959.

**DAVID KROLL, F.C.A., of 40, Highgate West Hill, London, N.6.**  
the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.  
Dated this 12th day of June, 1980.  
L. C. CURTIS, Liquidator.

**NOTICE TO CREDITORS TO SEND IN PARTICULARS OF DEBTS OR CLAIMS**  
NAME OF COMPANY: DRUPACAR LIMITED (in voluntary liquidation)  
NOTICE IS HEREBY GIVEN that the creditors of the above-named Company are to send in their particulars of debts or claims, with particulars of the debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned.  
DAVID KROLL, F.C.A., of 40, Highgate West Hill, London, N.6.  
the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.  
Dated 15th June 1980.  
DAVID KROLL, Liquidator.

**IN THE MATTER OF SMITH'S UNIVERSAL CAR HIRE LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948**  
NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 18th day of July, 1980, to send in their full Christian and sundries, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned.  
DAVID MURRAY NIXON, of 11/13 Holborn Viaduct, London, EC1P 1EL.  
the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.  
Dated this 12th day of June, 1980.  
O. M. NIXON, A.C.I.S., Liquidator.

**JANET COLTON LIMITED**  
NOTICE IS HEREBY GIVEN pursuant to Section 283 of the Companies Act, 1948, that a meeting of the creditors of the above-named Company will be held at the offices of LEONARD CURTIS & CO., of 3/4 Bernick Street, London W1A 3BA, on Thursday, the 3rd day of July, 1980, at 12 o'clock mid-day, for the purpose of providing for in Sections 284 and 285, Dated the 16th day of June, 1980.  
A. COLTON, Director.

## EAL PORTFOLIO MANAGEMENT Hong Kong c.£15,000

Established and rapidly expanding Investment Management subsidiary of major Far East Merchant Bank has substantial funds under management and a broad range of private, institutional and government clients. It seeks an Investment Manager to take control of a number of portfolios and to monitor and advise on specific geographic markets.

Candidates will be in their late 20's or early 30's and will have a successful track record in international portfolio management preferably including experience of North American stock markets. They should be cheerful, flexible and enjoy team work. Salary negotiable around £15,000 plus free accommodation, house loan scheme and other significant financial benefits (SW287).

Candidates male or female should write briefly and in confidence to the Managing Director, Executive Appointments Limited, 18 Grosvenor Street, London W.1, quoting reference. No identities divulged without permission.

## DIRECTOR MARKETING INTERNATIONAL REPROGRAPHICS £15-220,000 Plus Full Benefits Package

THE CLIENT: Major multi-national with competitive high technology product range, fast expanding worldwide market share and profits through aggressive sales and dealer network.

THE OPPORTUNITY: Based London, this is a key appointment reporting direct to USA Vice President marketing. You will be responsible for worldwide primary market research, marketing strategies and product and pricing advice to distributors, subsidiaries and corporate headquarters on a 60/40 split cost basis. Supported by own recruited 3-man team, the position will involve considerable international travel.

THE CANDIDATE: Probably aged around 35, you are an aggressive multi-lingual executive, educated to degree level ideally with M.B.A. or equivalent and with a successful track record in reprographics international marketing allied to an in-depth knowledge of the Far East.

ACTION: In the first instance we suggest you telephone Nick Hamiltonson on 01-629 7262 after hours 01-993 2254 or write to:

**Oversea Appointments**  
a division of Executive Appointments Ltd.  
7 Princes Street, London W1R 7RB. Tel: 01-629 7262

## LEGAL NOTICES

IN THE MATTER OF SUNRISE JEWELLERY (RESENTS PARK) LIMITED

AND IN THE MATTER OF THE COMPANIES ACT 1948  
NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 26th day of July, 1980, to send in their full Christian and sundries, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned.

LEONARD CURTIS, F.C.A., of 3/4 Bernick Street, London W1A 3BA.  
the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 12th day of June, 1980.  
L. C. CURTIS, Liquidator.

IN THE MATTER OF ST. HILDA'S DEVELOPMENTS LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 18th day of July, 1980, to send in their full Christian and sundries, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned.

DAVID MURRAY NIXON, of 11/13 Holborn Viaduct, London, EC1P 1EL.  
the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 12th day of June, 1980.  
O. M. NIXON, A.C.I.S., Liquidator.

IN THE MATTER OF JANET COLTON LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN pursuant to Section 283 of the Companies Act, 1948, that a meeting of the creditors of the above-named Company will be held at the offices of LEONARD CURTIS & CO., of 3/4 Bernick Street, London W1A 3BA, on Thursday, the 3rd day of July, 1980, at 12 o'clock mid-day, for the purpose of providing for in Sections 284 and 285, Dated the 16th day of June, 1980.  
A. COLTON, Director.

## BASE LENDING RATES

A.B.N. Bank	17	%	Guinness Mahon	17	%
Allied Irish Bank	17	%	Hambros Bank	17	%
American Express Bk	17	%	Hill Samuel	17	%
Amro Bank	17	%	C. Hoare & Co.	17	%
Henry Ansbacher	17	%	Hongkong & Shanghai	17	%
A P Bank Ltd	17	%	Industrial Bk. of Scot.	17	%
Arbutnot Latham	17	%	Keyser Ullmann	17	%
Associates Cap. Corp.	17	%	Knowlesy & Co. Ltd.	17	%
Banco de Bilbao	17	%	Langris Trust Ltd.	17	%
Bank of Credit & Cmce.	17	%	Lloyds Bank	17	%
Bank of Cyprus	17	%	Edward Manson & Co.	17	%
Bank of N.S.W.	17	%	Midland Bank	17	%
Banque Belge Ltd.	17	%	Samuel Montagu	17	%
Banque du Rhone et de la Savoie	17	%	Morgan Grenfell	17	%
la Tamise S.A.	17	%	National Westminster	17	%
Barclays Bank	17	%	Norwich General Trust	17	%
Bremar Holdings Ltd.	17	%	P. S. Refson & Co.	17	%
Brit. Bank of Mid. East	17	%	Rossminster	17	%
Brown Shipley	17	%	Ryl. Bk. Canada (Ldn.)	17	%
Canada Perm't Trust.	17	%	Schlesinger Limited	17	%
Cayzer Ltd.	17	%	E. S. Schwab	17	%
Cedar Holdings	17	%	Security Trust Co. Ltd.	17	%
Charterhouse Japhet	17	%	Standard Chartered	17	%
Choulatons	17	%	Trade Dev. Bank	17	%
C. E. Coates	17	%	Trustee Savings Bank	17	%
Consolidated Credits	17	%	Two Centuries Bank	17	%
Co-operative Bank	17	%	United Bank of Kuwait	17	%
Corinthian Secs.	17	%	United Bank of India	17	%
The Cyprus Popular Bk.	17	%	Whiteway Ltd.	17	%
Duncan Lawrie	17	%	Williams & Glyn's	17	%
Eagle Trust	17	%	Winttrust Secs. Ltd.	17	%
E. T. Trust Limited.	17	%	Yorkshire Bank	17	%
First Nat. Fin. Corp.	17	%	Members of the Accepting Houses Association		
First Nat. Secs. Ltd.	17	%	1-day deposits 15%, 1-month deposits 15%.		
Robert Fraser	17	%	7-day deposits on sums of £10,000 and under 19%, up to £25,000 12%, £25,000-50,000 16%.		
Anthony Gibbs	17	%	Call deposits 19%, 1-month deposits 15%.		
Grindlays Bank	17	%	Demand deposits 15%.		











## OFFSHORE & OVERSEAS FUNDS

Continued on previous page







### FINANCE, LAND—Continued

High	Low	Stock	Price	+	-	Net	Div	Yld	P/E
130	128	Porton (S) 2.50	112	+	+	10.0	3.6	6.3	5.9
128	126	Porton (S) 1.50	112	+	+	4.75	1.3	4.5	27.6
126	124	Porton (S) 1.00	112	+	+	1.00	0.7	1.1	35.5
124	122	Porton (S) 0.50	112	+	+	0.50	0.4	0.6	44.4
122	120	Porton (S) 0.25	112	+	+	0.25	0.2	0.3	55.6
120	118	Porton (S) 0.10	112	+	+	0.10	0.1	0.1	139.0
118	116	Porton (S) 0.05	112	+	+	0.05	0.0	0.0	278.0
116	114	Porton (S) 0.02	112	+	+	0.02	0.0	0.0	556.0
114	112	Porton (S) 0.01	112	+	+	0.01	0.0	0.0	1112.0
112	110	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	2224.0
110	108	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	4448.0
108	106	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	8896.0
106	104	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	17792.0
104	102	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	35584.0
102	100	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	71168.0
100	98	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	142336.0
98	96	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	284672.0
96	94	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	569344.0
94	92	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	1138688.0
92	90	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	2277376.0
90	88	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	4554752.0
88	86	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	9109504.0
86	84	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	18219008.0
84	82	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	36438016.0
82	80	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	72876032.0
80	78	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	145752064.0
78	76	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	291504128.0
76	74	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	583008256.0
74	72	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	1166016512.0
72	70	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	2332033024.0
70	68	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	4664066048.0
68	66	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	9328132096.0
66	64	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	18656264192.0
64	62	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	37312528384.0
62	60	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	74625056768.0
60	58	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	149250113536.0
58	56	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	298500227072.0
56	54	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	597000454144.0
54	52	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	1194000908288.0
52	50	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	2388001816576.0
50	48	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	4776003633152.0
48	46	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	9552007266304.0
46	44	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	19104014532608.0
44	42	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	38208029065216.0
42	40	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	76416058130432.0
40	38	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	152832116260864.0
38	36	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	305664232521728.0
36	34	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	611328465043456.0
34	32	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	1222656930086912.0
32	30	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	2445313860173824.0
30	28	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	4890627720347648.0
28	26	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	9781255440695296.0
26	24	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	19562510881390592.0
24	22	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	39125021762781184.0
22	20	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	78250043525562368.0
20	18	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	156500087051124736.0
18	16	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	313000174102249472.0
16	14	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	626000348204498944.0
14	12	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	1252000696408997888.0
12	10	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	2504001392817995776.0
10	8	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	5008002785635991552.0
8	6	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	10016005571271983104.0
6	4	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	20032011142543966208.0
4	2	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	40064022285087932416.0
2	0	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	80128044570175864832.0
0	0	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	160256089140351729664.0
0	0	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	320512178280703459328.0
0	0	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	641024356561406918656.0
0	0	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	1282048713122813837312.0
0	0	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	2564097426245627674624.0
0	0	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	5128194852491255349248.0
0	0	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	10256389704982510698496.0
0	0	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	20512779409965021396992.0
0	0	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	41025558819930042793984.0
0	0	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	82051117639860085587968.0
0	0	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	164102235279720171175936.0
0	0	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	328204470559440342351872.0
0	0	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	656408941118880684703744.0
0	0	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	1312817882237761369407488.0
0	0	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	2625635764475522738814976.0
0	0	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	5251271528951045477629952.0
0	0	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	10502543057902090955259904.0
0	0	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	21005086115804181910519808.0
0	0	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	42010172231608363821039616.0
0	0	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	84020344463216727642079232.0
0	0	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	168040688926433455284158464.0
0	0	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	336081377852866910568316928.0
0	0	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	672162755705733821136633856.0
0	0	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	1344325511411467642273267712.0
0	0	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	2688651022822935284546535424.0
0	0	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	5377302045645870569093070848.0
0	0	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	10754604091291741138186141696.0
0	0	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	21509208182583482276372283392.0
0	0	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	43018416365166964552744566784.0
0	0	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	86036832730333929105489133568.0
0	0	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	172073665460667858210978267136.0
0	0	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	344147330921335716421956534272.0
0	0	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	688294661842671432843913068544.0
0	0	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	1376589323685342865687826137088.0
0	0	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	2753178647370685731375652274176.0
0	0	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	5506357294741371462751304548352.0
0	0	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	11012714589482742925502609096704.0
0	0	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	22025429178965485851005218193408.0
0	0	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	44050858357930971702010436386816.0
0	0	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	88101716715861943404020872773632.0
0	0	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	176203433431723886808041745547264.0
0	0	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	352406866863447773616083491094528.0
0	0	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	704813733726895547232166982189056.0
0	0	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	1409627467453791094464333964378112.0
0	0	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	2819254934907582188928667928756224.0
0	0	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	5638509869815164377857335857512448.0
0	0	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	11277019739630328755714671715024896.0
0	0	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	22554039479260657511428343430049792.0
0	0	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	45108078958521315022856686860099584.0
0	0	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	90216157917042630045713373720199168.0
0	0	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	1804323158340852600914267474403936.0
0	0	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	3608646316681705201828534948807872.0
0	0	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	7217292633363410403657069897615744.0
0	0	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	14434585266726820807314138195231488.0
0	0	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	28869170533453641614628276390462976.0
0	0	Porton (S) 0.00	112	+	+	0.00	0.0	0.0	57738341066907283229256552780925952.0
0	0	Porton (S) 0.00	112	+	+	0.00</			

[illegible]

Unless otherwise indicated, prices and net dividends are in pence and denominated are 250. Estimated profits/earnings ratios are based on the latest available figures. Where possible, earnings are reported on half-yearly figures. P/E's are calculated on "net" distribution basis, earnings per share being computed on profits after tax and minority interest, but excluding banked foreign exchange at 10 per cent, or more difference if indicated on "net" distribution. Covers are based on "minimum" distribution; this compares proxy dividend policy with the actual level of dividend. It compares proxy dividend policy but including estimated extent of offsettable debt. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

**a** "Top Stock."

**b** Highs and Lows indicated there have been adjusted to allow for rights issues.

**c** Dividend cover based on average earnings per share, excluding minority interest since increased or resumed.

**d** Interest since reduced, posted or deferred.

**e** Adjusted to net dividend on application.

**f** Figures of report omitted.

**g** Unlisted security.

**h** Dividend suspended.

**i** Indicated dividend after pending scrip and rights issues; cover related to previous dividends or forecasts.

**j** Marginal recapitalisation in progress.

**k** Not comparable.

**l** Same interest reduced final and/or reduced earnings indicated.

**m** Premium dividend; cover on earnings updated by latest dividend.

**n** Cover allows for conversion of shares into new ranking for dividends or nothing only if indicated.

**o** Dividend on shares which may also rank for dividend at a future date. No P/E ratio usually provided.

**p** Excluding a final dividend declaration.

**q** Recycled price.

**r** No par value.

**55** Yield based on assumptions: Treasury Bill rates since unchanged until 1980; 1980-81 Treasury Bill rates used for 1981-82.

**56** Other official estimates. **a** Dividends based on prospectus or other official estimates. **b** Dividends paid or payable on part or full year; cover based on dividend on full account. **c** Dividend and yield based on prospectus or other official estimates. **d** Dividend and yield after scrip issue. **e** Payment from capital sources. **f** Kingsmead. **g** Interim higher than previous total. **h** Rights issues. **i** Forecast. **j** Special payment. **k** Indicated dividend; cover relates to previous dividend. **l** Dividend and yield based on prospectus or other official estimates. **m** Dividend and yield based on prospectus or other official estimates for 1980-81. **n** Dividend and yield based on prospectus or other official estimates for 1980-81. **o** Dividend and yield based on prospectus or other official estimates for 1980-81. **p** Dividend and yield based on prospectus or other official estimates for 1980-81. **q** Dividend and yield based on prospectus or other official estimates for 1980-81. **r** Dividend and yield based on prospectus or other official estimates for 1980-81. **s** Dividend and yield based on prospectus or other official estimates for 1980-81. **t** Dividend and yield based on prospectus or other official estimates for 1980-81. **u** Dividend and yield based on prospectus or other official estimates for 1980-81. **v** Dividend and yield based on prospectus or other official estimates for 1980-81. **w** Dividend and yield based on prospectus or other official estimates for 1980-81. **x** Dividend and yield based on prospectus or other official estimates for 1980-81. **y** Dividend and yield based on prospectus or other official estimates for 1980-81. **z** Dividend total to date.

**Abbreviations:** **o** dividend; **n** on scrip basis; **x** rights; **o** on scrip basis; **n** capital distribution.

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## AIR CRASH LEAVES POLITICAL VACUUM

# Sanjay Gandhi's death shocks India

BY K. K. SHARMA IN NEW DELHI

INDIA FACES a prolonged period of political uncertainty after the death in an air crash yesterday of Mr. Sanjay Gandhi, the 33-year-old son of the Prime Minister, Mrs. Indira Gandhi.

Although Sanjay held no post in the Government, he had effectively taken over the management of the economy and industry and was being groomed to succeed his mother. After Mrs. Gandhi he was also the most powerful figure in her Congress (I) Party.

Hundreds of thousands of people are expected to attend his funeral today. Both Houses of Parliament yesterday adjourned for the day in an unusual tribute usually reserved

for the most honoured leaders of the country. Shops closed after the news spread across India that the two-seater aircraft which Sanjay had been flying had crashed in New Delhi.

His death leaves a vacuum in the political leadership of the country and in the Congress (I) Party. Outside foreign issues which Mrs. Gandhi has dealt with, Sanjay was almost the only person in whom she had complete trust. She also looked to him to continue the almost uninterrupted tradition since independence of a member of the Nehru family ruling India.

No immediate changes in policy are expected. If any-

thing Sanjay's death could delay a number of important economic decisions in the pipeline. The Indian budget last week bore Sanjay's stamp. It has been described as "pragmatic" and right of centre.

Thousands of people gathered at the Lohia hospital where Sanjay's body was taken after the crash. He was declared dead on arrival. Mrs. Gandhi tried to control the crowds and console Sanjay's widow, Maneka, who gave birth to a son two months ago.

Sanjay's body was later taken to the Prime Minister's official residence, where huge crowds gathered. Many brought floral offerings and wept. Others shouted slogans like "long live

Sanjay" and "Sanjay, the national leader". Mrs. Gandhi also visited the site of the crash. Sanjay had bought the plane recently.

Since Sanjay's election in January as a member of Parliament, he had been successfully helping his mother regain control of the states and reorganising the Congress (I) Party of which he was the de facto leader. He was made the party's secretary ten days ago. Sanjay was known principally for building up the Youth Congress during his mother's 19-month emergency rule and for the unpopular forced sterilisation programme initiated by his followers. This cost Mrs. Gandhi the 1977 general elec-

tion. Since then, he helped his mother make a remarkable political comeback.

In the past few months since Mrs. Gandhi regained the Premiership, Sanjay wielded enormous power in the Federal Government and the states, where people chosen by him filled most of the important posts.

A court of inquiry has been ordered into the crash which took place early yesterday morning. There was no confirmation of rumours of sabotage of the aircraft, which had been cleared for the flight. Sanjay, who held a commercial pilot's licence and was an enthusiastic flier, had flown the aircraft for about an hour on Sunday evening.

## THE LEX COLUMN

# Shrinkage problem in textiles

While property companies and rubber plantations raise new money from the stock market, Courtaulds—one of the UK's largest manufacturing companies—is effectively giving money back to shareholders. In maintaining its dividend this year it is paying out some 8.5p net a share, worth over 12p in the free-hand of a pension fund against a current share price of 73p. Only by raising the deferred tax reserve for some £24m has it been able to keep book shareholders' funds roughly unchanged at around £450m. The annual report shows that capital employed has in fact fallen for the fourth year in a row, albeit only slightly in historical cost terms, the current cost picture suggests a more serious shrinkage, with a deficit after tax and dividends of some £50m before extraordinary items.

Whether Courtaulds would still be paying dividends if it could only publish current cost figures is a moot point. Discreetly, it is not publishing full current cost accounts until next year. But its distribution policy could be seen as one rational answer to the problem of poor returns in its major UK textile operations. In all, £639m of capital employed in textiles generated pre-interest profits of £99m last year, and it looks (though the annual report does not spell it out) as though about half that was generated in the comparatively small overseas operations. No wonder the group cut back its scheduled capital spending last year, and the net addition of £64m to fixed assets compared with a current cost depreciation charge of £116.5m.

In the circumstances, it is fortunate that Courtaulds is being managed according to cash flow rather than to historical cost profit. The flow of funds statement comes 21 pages earlier than the p and l account in the annual report, and the net cash outflow for 1979-80 was a mere £9m. The group is very well funded, with nearly £200m of cheap fixed rate loan capital; this explains why high short-term interest rates have had little impact on its profits. So the group is under no great financial pressure, and is able to shrink its textile businesses in an orderly way, while still aiming to expand its higher return operations like paints and plastic films.

Although in most housing categories the bulk of Yorkshire agents said prices had remained static, none reported falling prices and 77 per cent said that new house prices had risen over the three months. Other regional surveys conducted by the institution over the past five months indicate that the flat trend in house prices since the autumn has been most marked in London and the South-East.

## UK home market 'static nationwide'

By Andrew Taylor

HOUSE PRICES remain static nationwide according to a survey of estate agents conducted by the Royal Institution of Chartered Surveyors said yesterday in its latest three-month review of the housing market.

More than 120 estate agents across the country were questioned by the institution last month.

Eighty per cent reported that prices had either stayed the same or had fallen since the end of February.

Sixty-two per cent said prices were unchanged during the three months, while 19 per cent said they had fallen. Almost a quarter of agents replying to the survey reported increases of between 2 and 8 per cent for pre-1919 terrace houses.

Only the market for new houses has shown a better performance, with 33 per cent of agents reporting rising prices over the three months. This leaves 54 per cent of agents saying that prices for new houses have remained static while 13 per cent said prices had fallen.

A subsidiary survey, taken from a small sample of Yorkshire and Humberside agents, underlines the marked regional variations in some house price movements over the past few months.

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**Weather**  
UK TODAY  
SHOWERS in most places, heavier and more frequent in Wales and southern England. Cool.

S.W. England, Wales, Channel Isles  
Cloudy. Showers drying out later. Max 16C (61F).  
Elsewhere  
Sunny intervals and showers, heavy in places. Max 17C (63F).  
Outlook: Continuing cool and unsettled.

WORLDWIDE		Y'day midday °C °F	Y'day midday °C °F		
Ajaccio	F 25	73	Locarno	R 15	59
Algiers	F 25	81	London	R 14	57
Amsterdam	F 25	81	Luxembourg	F 14	57
Athens	F 25	82	Luxor	F 37	99
Bahia	F 25	82	Madrid	F 25	77
Batavia	F 25	82	Manila	F 25	77
Bombay	F 25	82	Mexico	F 25	77
Buenos Aires	F 25	81	Moscow	F 25	77
Calcutta	C 25	77	Munich	F 25	77
Canton	C 25	77	Nairobi	C 23	73
Cebu	C 25	77	Naples	C 23	73
Colon	C 25	77	Norwich	C 23	73
Hankow	C 25	77	Osaka	C 23	73
Hong Kong	C 25	77	Paris	C 23	73
Kobe	C 25	77	Rangoon	C 23	73
London	F 18	64	San Francisco	C 13	55
Lyons	F 18	64	Singapore	C 27	81
Manila	F 18	64	Sourabaya	C 27	81
Medan	F 18	64	Taipei	C 27	81
Meppen	F 18	64	Tokyo	C 27	81
Mombasa	F 18	64	Toronto	C 27	81
Muscat	F 18	64	Valencia	C 27	81
Nagasaki	F 18	64	Vienna	C 27	81
Nanking	F 18	64	Zurich	C 27	81
Nassau	F 18	64			

C—Cloudy, F—Fair, P—Fog, R—Rain, S—Sunny, SI—Sleet, SN—Snow.

## Japan's ruling LDP back with increased majority

BY RICHARD C. HANSON IN TOKYO

JAPAN'S ruling Liberal Democratic Party was returned to power yesterday with a landslide 284 seats in the 511-seat Lower House of the Diet following Sunday's general elections.

The vote, which was originally expected to end the 25 years of undiluted Liberal Democratic rule, turned out to be the party's best performance at the polls since 1968, and gives it a free hand in parliament for possibly four years.

Factional infighting in the party has now intensified to find a party leader and Prime Minister to replace Mr. Masayoshi Ohira who died suddenly during the campaign.

The Liberal Democratic Party victory appears to reverse a trend towards both the centre and the left of the political spectrum with the middle-of-the-road "Clean Government" party losing 25 seats and the Communists losing 12.

Two independent members joined the Government ranks last night, effectively boosting the majority to 286. Two more independents were expected to join later.

More than 74 per cent of eligible voters turned out at the polls—the fourth largest turnout in post-war elections for the lower house.

A near final count of the lower house votes shows the Liberal Democratic Party gathered nearly 48 per cent of the votes cast, compared with 44.59 per cent last October and the low ebb of 41.8 per cent in elections late 1976 when the party leaders were alleged to have

STATE OF THE PARTIES		
Liberal Democratic Party	284	(258)
Japan Socialist Party	107	(107)
Komeito (Clean Government Party)	33	(58)
Japan Communist Party	29	(41)
Democratic Socialist Party	32	(36)
New Liberal Club	12	(4)
United Socialist Democratic Party	3	(2)
Independents	1	(4)
Vacancies	0	(1)
<b>TOTAL</b>	<b>511</b>	<b>(511)</b>

Figures in brackets show party strengths at the time of dissolution of Parliament.

been involved in taking bribes from the American Lockheed Aircraft Corporation.

The Liberal Democratic Party's success seems to have been partly due to the death during the campaign of Prime Minister Ohira, which provoked a "sympathy vote".

Other contributing factors were the failure of the four main opposition parties to coordinate their campaigns effectively, and the fact that the Liberal Democratic Party appears to have been better prepared to fight the election, called after the surprise defeat of the Government on a no-confidence motion on May 18.

The leading opposition party, the Japan Socialist Party, kept 107 seats won in the last election, but slipped slightly in its share of the total votes to 19.3 per cent from 19.71 per cent last time.

The Komeito party now holds 33 seats. Seats won by the

Democratic Socialist Party fell by four to 32 seats.

The Communists took 29 instead of 41 seats. The New Liberal Club, an offshoot of the ruling party, improved its standing to 12 seats from four.

The Liberal Democrats' hold on the Lower House, carries with it power to control all the major legislative committees.

This was a double election for both houses of parliament and the ruling party also assured their hold of a majority in the less-powerful upper house.

**Factions**

Vital in the returns were the performances of the various rival factions within the Liberal Democratic Party. These showed the "mainstream" faction of the late Prime Minister Ohira and his strongest supporter, former Prime Minister Kakuei Tanaka, winning a clear edge.

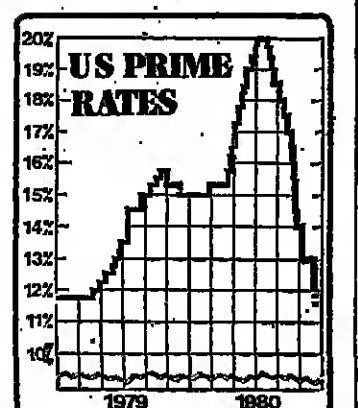
The complicated back-room process of selecting a new party President and hence Prime Minister starts in the next few days. No clear leader is evident yet.

Fighting for the approval of the main Ohira and Tanaka factions will be Mr. Yasuhiro Nakasone, a former head of the Defence Agency and political "hawk" and Mr. Kiichi Miyazawa, once former Foreign Minister who is most likely to win leadership of the Ohira faction.

Another possible contender is Mr. Toshio Komeito, a former businessman and head of the powerful Ministry for International Trade and Development who is a member of the Miki faction.

## Morgan Guaranty cuts prime again

By David Lascelles in New York



THE U.S. prime rate edged down again yesterday, although the pace of its decline since the peak in mid-April has slowed noticeably.

Morgan Guaranty, the large New York bank, cut half a point off its rate to take it to 11 1/2 per cent.

The move was followed by some small regional banks. Other large banks held back, probably to get a clearer idea of the underlying trend in interest rates.

Set records  
Morgan's move means the prime rate has shed 51 points since it peaked at 20 per cent. The decline has set records both for its size and speed.

But although the prime still has some way to go before it catches up to other interest rates, the U.S. interest rates may have stabilised for the time being.

Edged up  
The cost of funds in the money markets edged up a little yesterday morning, and bond prices declined in the face of a huge volume of corporate financing.

Morgan's cut was good news for the stock market. Share prices edged up in early trading, offsetting part of the sharp losses recorded last week.

**Fowler to open cycling show**

MR. NORMAN FOWLER, the Minister of Transport, will open the sixth annual International Festival of Cycling at Harrogate tomorrow.

The show, which this year has a record 130 participants, will include the British Olympic cycling team in a number of the 42 sponsored cycle races taking place in and around Harrogate throughout the week.

Continued from Page 1

## Retail sales

that was the week when last year's pre-Budget spending spree was at its peak. Sales in the 20 weeks to June 14 were up by only 8.2 per cent on last year—well below the rate of inflation.

The relatively poor weather this summer has badly hit clothing and footwear retailers, who are still trying to recover from a slump which started last autumn.

Sales of large consumer durables, such as washing machines and refrigerators, have also been adversely affected in recent weeks by consumers deferring decisions to buy. Mr.

Continued from Page 1

## Pao bid

family in Wharf. In fact, most of the shares controlled by Sir Yue-kong—other than those acquired yesterday, are owned by World International, a publicly-quoted company which recently acquired the stake from Pao family interests.

The speed of Sir Yue-kong's move stunned his adversaries. It required him to produce HK\$2.2bn in 48 hours. The source of the funds is not clear.

But Sir Yue-kong is deputy chairman of the Hongkong and Shanghai Banking Corporation, which has big holdings in his shipping empire. Wardley is a HK Bank subsidiary.

There are doubts, however, whether Sir Yue-kong and his backers could justify, or even find, the HK\$2.2bn needed for a full offer.

The Takeover Committee requirement for a general offer is not mandatory but many regard this as a key test of whether the Colony's markets are now subject to effective regulation.

Continued from Page 1

## Venice summit

Johnson reports that small electrical appliances and colour televisions are still selling well, mainly because prices are roughly the same as they were a year ago.

The detailed figures show that because of the buoyancy of first quarter sales the volume of trade in the first five months of this year was still 1 per cent above the averages for last year.

Based on non-seasonally adjusted data, the value of total sales in May was 12 per cent higher than a year earlier. In the first five months of this year the average value of sales was 16 per cent higher than in the same period of last year.

## Personal share deal rules to be probed

BY CHRISTINE MOIR

The Council for the Securities Industry is inquiring into the personal share dealings of fund managers to establish whether there is adequate supervision.

The inquiry is directed at the investment managers and securities dealers of unit trusts, insurance companies, investment trusts, pension funds and banks which carry out fund management for clients. It also covers stockbrokers.

A sub-committee, under Mr. Patrick Neill, the council's chairman, has written to organisations represented on the council asking them to establish whether their members already have rules governing their employees' personal dealings, and what the rules are.

Next week the committee will begin sifting through the information, and will then decide

whether to work towards a formal code of practice for dealers who also invest on behalf of clients.

Alternatively, it might restrict itself to simple guidance notes which would insist on fund management groups adopting "in house" rules along "best practice" guidelines resulting from the inquiry.

Mr. Nicholas Goodison, chairman of the Stock Exchange who initiated the inquiry, said the job of supervising personal dealings of fund managers should rest with the senior partners or boards of the companies concerned.

It was necessary to ensure that rules existed within each organisation to scrutinise fund managers' dealings, making sure they were properly conducted.

Thatcher's reservations, the Communist world should be encouraged to give more aid. A major international effort was required to help developing countries and to increase their energy production. One possibility was the creation of a new World Bank lending organisation.

The international capital market should continue to play the primary role in re-channelling oil producers' surplus funds, the communiqué said. But private lending would have to be supplemented by an expanded role for international institutions, particularly the International Monetary Fund.

## TOKAI TAKING CHARGE

**The decision-maker's decision-maker**

TOKAI BANK

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